

**A RENTAL HOUSING
MARKET STUDY FOR
DALTON, GEORGIA**
Vivian Pointe Apartments

June 20, 2002

Prepared for:

Georgia Department of Community Affairs
The Georgia Housing & Finance Authority
60 Executive Park South NE
Atlanta, GA 30329

Prepared by:

Community Research Group, LLC
2380 Science Parkway
Suite 104
Okemos, MI 48864
(517) 347-3253

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**CONSULTANT CERTIFICATION/
CERTIFICATE OF ACCURACY**

I hereby attest that this market study has been completed by an independent third party market consultant with no fees received contingent upon the funding of this proposal. Furthermore, information contained within the following report obtained through other sources is considered to be trustworthy. However, Community Research Group does not guarantee the data nor assumes any liability for any errors in fact, analysis, or judgment.

Furthermore, the following report was written according to DCA's market study requirements, and that the information included is accurate to the best of our knowledge, and that the report can be relied upon by representatives of DCA as a true assessment of the low-income housing rental market.



Steven R. Shaw
COMMUNITY RESEARCH GROUP, LLC

Date: June 20, 2002

Section 1: INTRODUCTION

The Georgia Department of Community Affairs (DCA) has commissioned Community Research Group, LLC to prepare the following market study to examine and analyze the Dalton area as it pertains to the new construction of additional affordable rental housing. The subject proposal, to be named Vivian Pointe Apartments, is to be located along the north side of Threadmill Road, just east of Magnolia Avenue, and ½ mile west of South Dixie Highway (U.S. 41). Primary access to the site will be from Threadmill Road, although a secondary access drive may be from Conway Street. The property is situated in the extreme southern portion of the city of Dalton, adjacent to the north of Al Rollins Park (which is on the south side of Threadmill Road) in a predominately residential area.

This study assumes Low Income Housing Tax Credits will be utilized in the development of a portion of the proposed rental facility, along with the associated rent and income restrictions obtained from HUD and the Georgia DCA. As a result, Vivian Pointe will feature units targeted at a variety of income levels: 5 units (6 percent of all units) will be restricted at 30 percent of the area's median income (AMI), 5 units (6 percent) will be restricted at 50 percent of AMI, 58 units (67 percent) will be restricted at 60 percent AMI, and 18 units (21 percent) will be unrestricted (market rate).

The primary purpose of the following market analysis is to provide evidence of sufficient market depth and demand for the successful development of the subject proposal. This will be demonstrated through an in-depth analysis of local and regional demographic and income trends, economic and employment patterns, existing housing conditions, as well as a supply and demand analysis within the Dalton rental market area. A phone survey of existing rental projects comparable to the subject within the area was also reviewed and analyzed to further measure the potential market depth for the subject proposal.

Section 2: EXECUTIVE SUMMARY

The following overview highlights the major findings and conclusions reached from information collected through demographic analysis, economic observations, and survey research of existing developments:

- Based on the information collected within this study, sufficient evidence has been introduced for the successful development and absorption of the subject proposal within the Dalton market area. Stable occupancy levels within the overall rental market, solid demographic trends, limited single-family rental options locally, and a strong statistical demand all support the introduction of additional rental housing alternatives targeted for low and moderate-income singles and families. **Therefore, CRG forwards a PASS conclusion.**
- Current economic conditions locally are extremely positive, with more than 7,300 jobs added to the county economy since 1990 (a 20 percent increase). As of April 2002, the unemployment rate for Whitfield County was reported at 3.2 percent, representing a decrease from a year earlier (3.4 percent for April 2001). In comparison, the most recent statewide unemployment rate was 4.2 percent.
- The absorption rate is conservatively calculated at approximately eight to ten units per month, on average, resulting in an overall absorption period of roughly nine to eleven months. As such, evidence presented within the market study suggests a normal lease-up period should be anticipated based on project characteristics as proposed.
- The proposed rental rates for the tax credit portion of the development are affordable, averaging between \$0.22 and \$0.55 per square foot. Furthermore, the subject's unit mix of three- and four-bedroom units is appropriate for the Dalton rental market. A sizeable influx of larger sized rental households has occurred over the past decade throughout the PMA, primarily due to the dramatic increase in the Hispanic population from 7 percent of the city population in 1990, to 40 percent in 2000. As such, average household sizes increased by 10 percent over the decade – counter to trends seen throughout most areas of the state.
- The amenity package within the proposal is competitive, and in most cases superior, to most other developments throughout the market area. Key amenities include central air and laundry hook-ups, and is assumed that it will also contain dishwasher, garbage disposal, and mini-blinds (this data was not included in DCA supplied information). Additional amenities that will be included in the subject property that are seen in less than one-half of other developments include clubhouse, pool, and exercise/fitness center – giving the subject a distinct competitive advantage.

Executive Summary (con't)

- The subject property is within a predominately residential area, and within 3 miles of grocery, medical, employment, and recreational venues. In addition, an access ramp to Interstate 75 is approximately 3½ miles west of the site, providing convenient access to other areas across the region.
- Demand estimates for the proposed development show solid statistical support for the introduction and absorption of additional rental units within the Dalton PMA. More than 33 percent of all households are income-qualified for the LIHTC portion of the project and 28 percent are qualified for the market rate units, resulting in respective capture rates of 5.4 percent and 2.0 percent. Similarly, capture rates by unit size range between 2.8 percent and 4.3 percent, all within the standard 30 percent threshold.
- Occupancy rates for rental housing appear fairly stable throughout the Dalton market area. An overall occupancy rate of 94 percent was calculated from a May/June 2002 CRG survey of 24 rental developments identified and contacted within the PMA. In addition, the three projects constructed since 2000 had a combined occupancy rate of 97 percent, providing an indication of the PMA's market depth for modern units.
- Furthermore, the rental market has improved in recent months. In comparison of occupancy levels from a March, 2002 rental survey of ten properties within Dalton, seven reported fewer vacancies.

Section 3: PROJECT DESCRIPTION

The analysis presented within this report is based on the following development configuration and assumptions:

Project Size:

Total Development Size.....	86 units
Number of LIHTC Units.....	68 units
Number of Market Rate Units.....	18 units

Development Characteristics:

- Eighty-seven buildings (eighty-six residential);
- Each residential building will be a single-family detached home;
- 182 residential parking spaces;
- Seven units will be handicapped accessible;
- Two units will be reserved for visually or hearing impaired tenants.

Income Targeting:

30 percent of AMI.....	5 units
50 percent of AMI.....	5 units
60 percent of AMI.....	58 units
Market Rate.....	18 units

Project Mix:

	<u>LIHTC</u>	<u>Market</u>	<u>Total</u>
Three-bedroom/2-bath units.....	22	9	31 units
Four-bedroom/2-bath units	46	9	55 units

Square Feet:

Three-bedroom units.....	1,190 square feet
Four-bedroom units.....	1,310 square feet

Rental Rates: *(Proposed contract rents net of utility allowance)*

➤ Three-bedroom units:

30 percent of AMI.....	\$262
50 percent of AMI.....	\$521
60 percent of AMI.....	\$650
Market Rate.....	\$715

➤ Four-bedroom units:

30 percent of AMI.....	\$273
50 percent of AMI.....	\$562
60 percent of AMI.....	\$706
Market Rate.....	\$777

Unit Amenities*:

- Full kitchen, with refrigerator, stove, dishwasher, and disposal (*assumed*);
- Central heat and air conditioning;
- Washer/dryer hook-ups within all units;
- Covered patio/porch with each unit.

Development Amenities*:

- Community building with exercise/fitness center and computer lab;
- Equipped recreation area w/ volleyball court;
- Swimming pool;
- Picnic pavilion with tables and grills;
- Gazebo and walking path;
- Tot lot;
- On-site laundry;
- Additional services to include financial and budgeting seminars, and homebuyer training and similar seminars.

Additional Assumptions:

- Only trash removal will be included within the rent. Tenant is responsible for electricity, gas heat, water/sewer, cable television, and telephone charges.
- The development will be constructed in one phase;
- A professional management company with experience in similar rental housing will be contracted to operate the facility, with pre-leasing activities beginning as soon as possible.

*Based on project information provided by DCA.

PROPOSED UNIT CONFIGURATION STRUCTURE:

PROJECT NAME:Vivian Pointe Apartments

ADDRESS:.....Threadmill Road

LOCATION:Dalton, Georgia

TOTAL UNITS:86

OCCUPANCY:FAMILY

CONSTRUCTION:.....New Single-family

PROJECTED PLACED IN SERVICE:March 1, 2004

TARGETED INCOMES:\$13,270 to \$36,400 *(based on 30 to 60 percent of AMI*)*
\$28,600 to \$50,000 *(based on market rents)*

	# Units	Unit Mix	# Baths	Square Feet	Contract Rent	Gross Rent	Max LIHTC Rent*	Utility Allow.
3 Bedroom Single-Family								
	3	30 percent of AMI	2	1,190	\$262	\$387	\$408	\$125
	2	50 percent of AMI	2	1,190	\$521	\$646	\$680	\$125
	17	60 percent of AMI	2	1,190	\$650	\$775	\$816	\$125
	9	Market Rate	2	1,190	\$715	---	---	---
4 Bedroom Single-Family								
	2	30 percent of AMI	2	1,310	\$273	\$432	\$455	\$159
	3	50 percent of AMI	2	1,310	\$562	\$721	\$758	\$159
	41	60 percent of AMI	2	1,310	\$706	\$865	\$910	\$159
	9	Market Rate	2	1,310	\$777	---	---	---

*Based on 2002 LIHTC maximum income and gross rent limits for Whitfield County

Section 4: SITE AND MARKET PROFILE

Site Characteristics

The proposed Vivian Pointe rental development is located in the extreme southern portion of the city of Dalton along the north side of Threadmill Road, approximately ½ mile west of South Dixie Highway (U.S. 41). Although primary access will be from Threadmill Road, a possible secondary access point may be from Conway Street. Currently, the site is mostly wooded, although a portion has been cleared with some infrastructure improvements partially completed. According to a local realtor, the property was in the process of development for a single-family subdivision, but was halted in the early stages for an unknown reason. Single-family homes are located west of the site (the subdivision north of Threadmill Road is somewhat more “exclusive” and has no access from Threadmill), while some homes and a commercial building can be found to the south. Vacant property is situated adjacent to the north and east. Additionally, the Albert Rollins Park is located within walking distance, just east of the site on the south side of Threadmill Road, and contains a small lake, ballfields, covered pavilion, picnic tables and grills, and a large children’s climber. The presence of the park will undoubtedly positively aid marketing efforts for the proposal.

Directly west of the site along Threadmill Road are seemingly well-maintained single-family homes. In addition, homes and trailers in fair to good condition can be found along Lawson and Magnolia Avenues, immediately south of the site, while a number of trailer homes in poor condition are located further west along Ball Street. East of the site along Threadmill Drive (and just west of S. Dixie Highway) are several old, dilapidated, abandoned buildings.

The site is located within Census Tract 14 of Whitfield County (2000 Census delineations). The total size of the property is 32 acres, consisting of semi-flat, vacant, and heavily wooded land. Adjacent land usages are as follows:

- North:** Vacant (wooded)/single-family homes
- South:** Threadmill Road/single-family homes/commercial building
- East:** Vacant (wooded)
- West:** Single-family homes

Overall, the immediate neighborhood features a combination of single-family homes, vacant property, a commercial building, and a park. The exterior condition of the homes situated along Threadmill Road can be considered to be in good condition, while those homes south of the site off of Lawson, Magnolia, and Ball Avenues are somewhat lesser in quality. Because these homes are not highly visible from the site or Threadmill Road, their presence would likely not a negative impact on the marketability of the subject proposal.

The site is located less than ½ mile from S. Dixie Highway (U.S. 41), providing access to a number of Dalton's primary retail locations. Scattered commercial establishments can be found along Dixie Highway, with the closest being Family Dollar, Subway, Videorama, Gondolier Pizza, Frank's Pharmacy, and Fat Boyz Bar and Grill all within 1 mile of the site. However, the nearest significant retail concentration is found on Walnut Avenue, just east of Dixie Highway, consisting of the Bry-man Plaza and Bry-man Plaza South. Located approximately 1½ miles north of the site, the following can be found within the two shopping centers:

- | | | |
|-------------------------|------------------------|------------------------------|
| ➤ Office Depot | ➤ Eckerd Drugs | ➤ Dollar General |
| ➤ Hancock Fabrics | ➤ Allstate Insurance | ➤ White Wing Christian Store |
| ➤ Gold Crown Hallmark | ➤ Mara's Jewelers | ➤ Dollar Zone |
| ➤ Poppa Johns Pizza | ➤ Rice Rehabilitation | ➤ Selective Employment |
| ➤ Premier National Bank | ➤ O'Henry's Restaurant | ➤ House of Beauty Boutique |

Additional retail opportunities can be found in downtown Dalton (2 miles north of the site) and also along Walton Avenue west of Dixie Highway and closer to Interstate 75 (3 miles northwest). Here are numerous fast food and sit-down restaurants, hotels, and shopping areas, including the Tanger Outlet Mall and the following:

- | | | |
|---------------------|-------------|----------------------|
| ➤ Kroger grocery | ➤ Big Kmart | ➤ Walgreens Pharmacy |
| ➤ Blockbuster Video | ➤ Big Lots | ➤ First Union Bank |

Further, the Walnut Square Mall (which contains anchor stores such as J.C. Penney, Belk, Sear's, Goody's, and Praffitt's) is approximately 3½ miles northeast of the site at the intersection of Murray and Walnut Avenues. Numerous other retail opportunities can be found surrounding the mall, including Bi-Lo grocery, Blockbuster Video, and Carmike Cinemas.

Medical services for residents in the Dalton area are provided by the Hamilton Health Care System, a comprehensive health network highlighted by the Hamilton Medical Center, a 282-bed regional referral center (located 4 miles north of the site). Surrounding the hospital are numerous doctor and medical specialty offices.

The Dalton City School System provides primary education opportunities for children residing within the city, and is comprised of 6 elementary schools, one middle school, and one high school. The nearest of these to the subject property include the Brookwood Elementary School (1½ mile north along Central Avenue), the City Park Intermediate School (2½ miles north on School Street), the Dalton Middle School (5½ miles northeast at U.S. 76 and Cross Plains Trail), and the Dalton High School (3 miles north off of Manly Street just south of Waugh Street).

In addition to Albert Rollins Park, Lake Shore Park is also located within walking distance of the subject property along the north side of Conway Street. The park contains a small lake, covered picnic facilities, and children's play areas.

Map: Local Features/Amenities

Dalton PMA



Site Photos

Site – facing west



Site – facing east



Site - facing north from Threadmill Road



Neighborhood Photos

Pond south of site on Threadmill Road



Building south of site – corner of Threadmill/Lawson



Southwest corner of Threadmill/Lawson – south of the site



Home on Threadmill Road – just west of site



Facing west along Threadmill Road



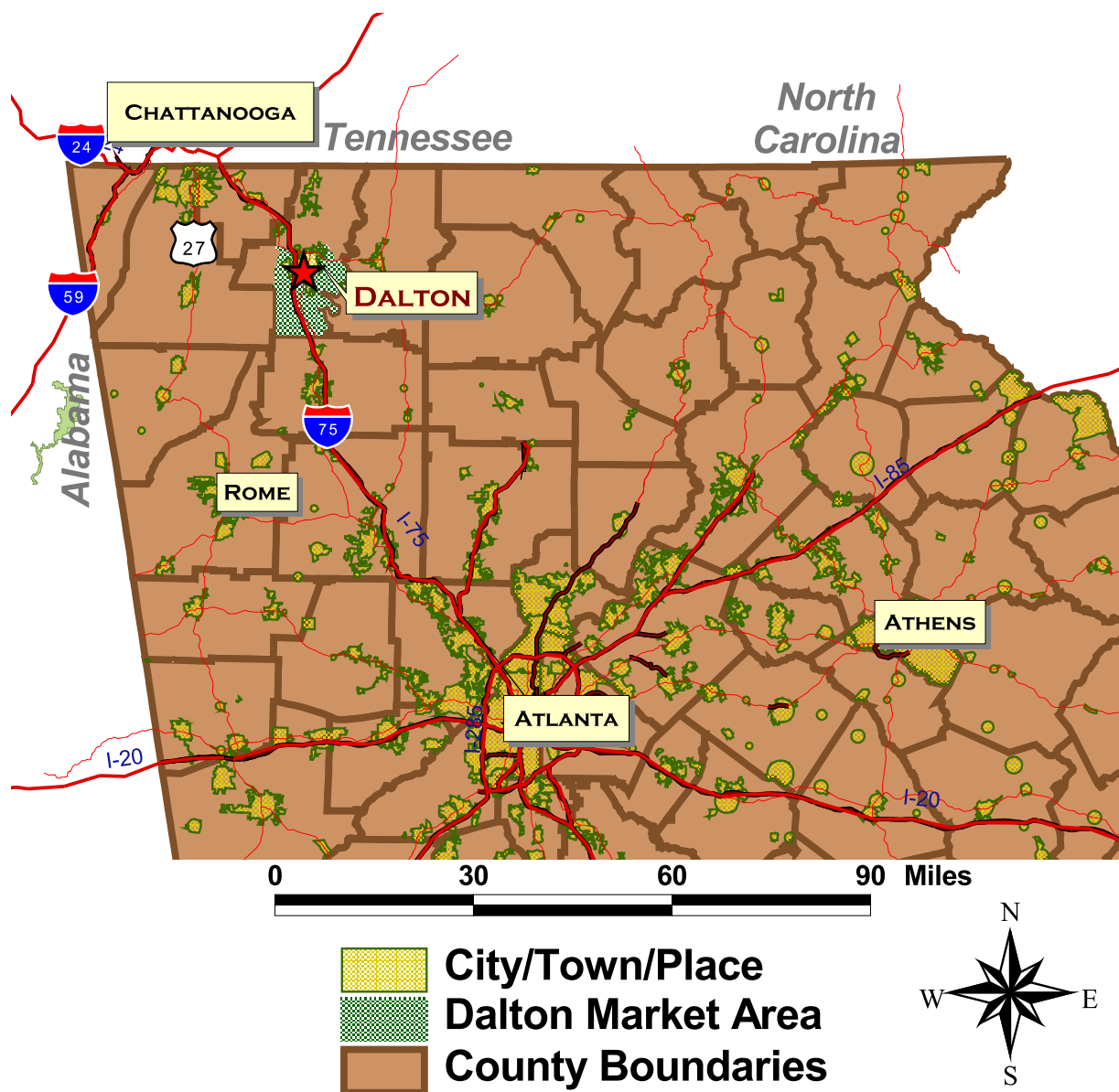
Primary and Secondary Market Area Delineation

The Dalton Primary Market Area (PMA), as defined for the use throughout this study, consists of the majority of Dalton and the surrounding areas. Specifically, the PMA consists of 10 census tracts (utilizing 2000 Census boundary delineations) and is roughly encompassed by Mount Vernon Road/Quarles Road to the west, Dalton Bypass/Dawnville Road to the north, the Conasauga River to the east, and the Whitfield/Gordon County border to the south. A visual representation of the PMA, and census tracts within the PMA, can be found in the maps on the following pages. In general terms, the market area reaches approximately four miles to the north and west, seven miles to the east, and roughly nine miles to the south, and represents the area from which the majority of potential residents for the subject development currently reside.

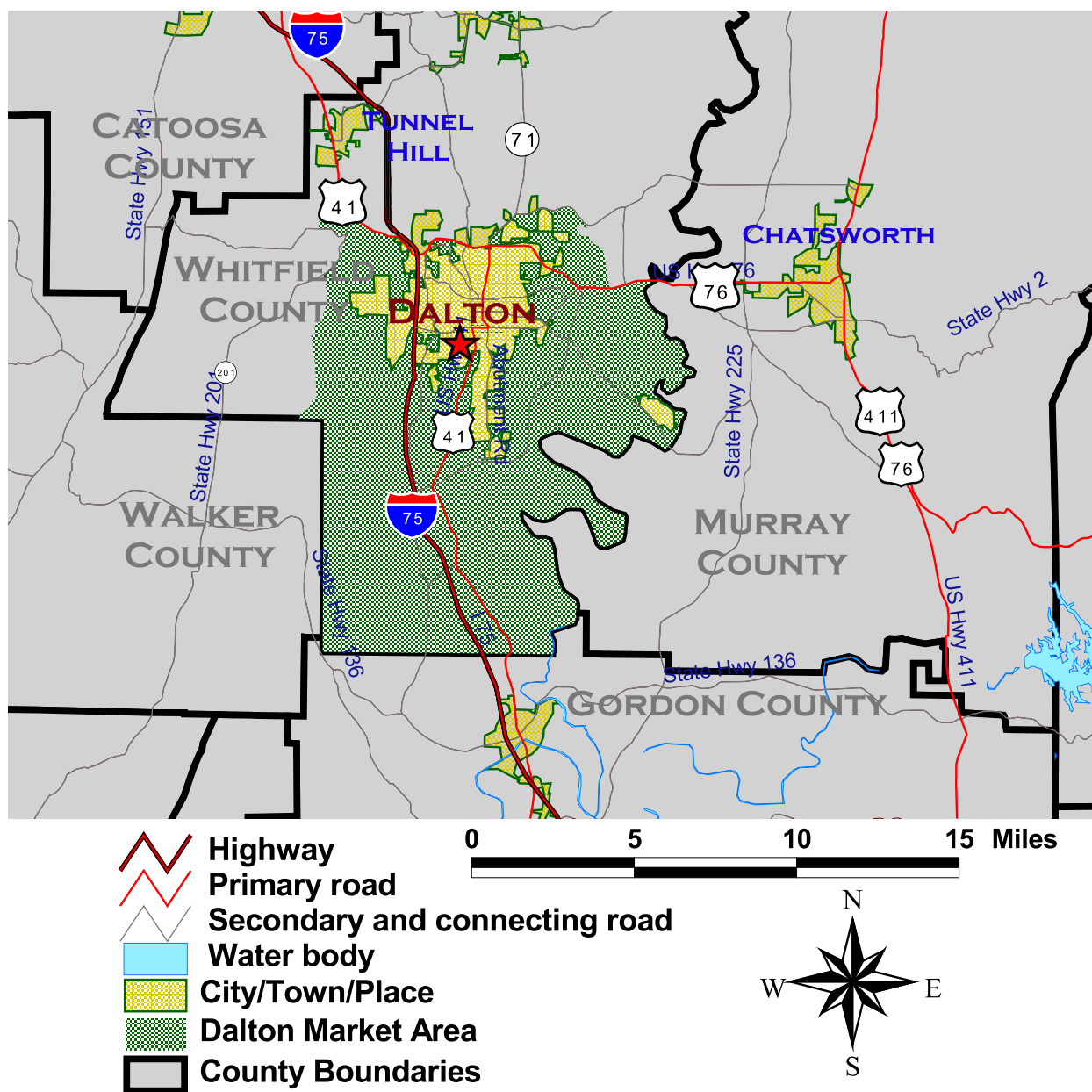
The following demographic and income information, comparable properties, and demand analyses are based on the PMA as defined above and outlined in the following maps. The aforementioned market area delineation can be considered as somewhat conservative as the draw to the subject property likely reaches out further than the defined market area due to the presence of Interstate 75, which conveniently links Dalton to other areas such as Chattanooga to the north, and Calhoun and Atlanta to the south. In addition, the city of Dalton and Whitfield County have also been used throughout the analysis for local and regional comparisons.

Areas relatively close to the site of the subject development, but not included within the PMA, comprise the Secondary Market Area (SMA). While not included within the actual analysis throughout this report, it is important to remember that these areas could also yield potential residents for the proposed rental community. These nearby secondary sources include persons currently residing in the communities of Ringgold, Fort Oglethorpe, Calhoun, Tunnel Hill, Chatsworth, Varnell, and other neighboring communities.

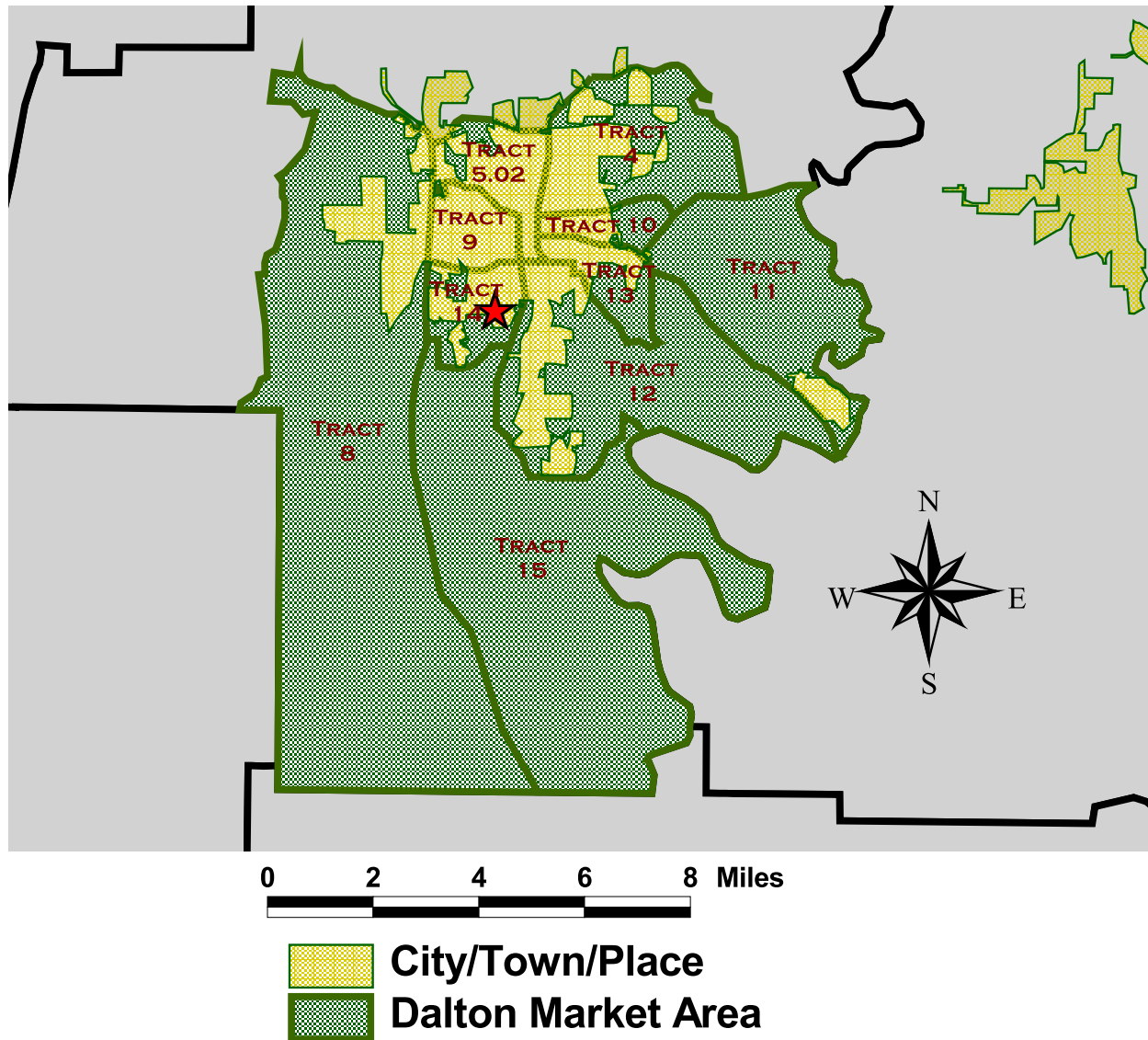
Map: Northern Georgia



Map: Primary Market Area
Dalton PMA



Map: Census Tracts
Dalton PMA



Section 5: COMMUNITY DEMOGRAPHIC DATA

Population Trends

Demographic patterns for the Dalton PMA generally mirrored those of Whitfield County as a whole since 1980, with growth rates for Dalton itself nearly doubling that of the county during the past decade. According to 2000 Census data, the PMA had a population of 51,886 persons, representing a gain of 15 percent from 1990's population count of 45,207 persons (a gain of nearly 6,700 persons). In comparison, the city exhibited somewhat stronger gains relative to the PMA – increasing by 28 percent during this same time span (6,150 additional persons). Although a portion of the city growth can be attributed to annexations made during the decade, the strong growth for the PMA (which is not influenced by annexations) clearly demonstrates positive patterns locally.

Future population projections provided by Claritas (a third-party demographic forecasting service) illustrate further solid growth for the PMA and Whitfield County through 2007, but a marginal decline for Dalton. Because Claritas has yet to update its database with 2000 place delineations, this city figure is likely underestimated. However, forecasts for the PMA should be viewed as realistic. As such, the population within the PMA is forecast to increase an additional 7 percent between 2000 and 2007, demonstrating ongoing positive patterns.

Table 5.1: Population Trends (1980 to 2007)

	City of <u>Dalton</u>	<u>PMA</u>	Whitfield <u>County</u>
1980 Population	20,652	41,514	65,794
1990 Population	21,761	45,207	72,462
Percent Change (1980-1990)	5.4%	8.9%	10.1%
2000 Population	27,912	51,886	83,525
Percent Change (1990-2000)	28.3%	14.8%	15.3%
2002 Population Estimate	27,734	52,924	85,199
Percent Change (2000-2002)	-0.6%	2.0%	2.0%
2004 Population Forecast	27,557	53,961	86,872
Percent Change (2000-2004)	-1.3%	4.0%	4.0%
2007 Population Forecast	27,290	55,518	89,383
Percent Change (2000-2007)	-2.2%	7.0%	7.0%
SOURCE: 1980-2000 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau; Claritas, Inc.			

Persons between the ages of 20 and 44 will likely represent the majority of potential residents for the proposed rental facility, when considering the subject proposal's location and unit mix. As such, this key age segment was the largest population group in 2000 for all three geographic levels, and projections indicate it will remain the largest group through 2007. For the PMA, the 20 to 44 age segment accounted for 38 percent of the total population in 2000, while representing similar percentages for the city and county. Between 1990 and 2000, this age group increased by 10 percent within the PMA, while increasing by over 24 percent within Dalton over the same time span.

Claritas forecasts indicate the 20 to 44 age segment will remain the largest age cohort in 2007 within the PMA, although decreasing in number in all three geographic levels analyzed. As this portion of the 1990 population has steadily moved into an older age group in 2000 and 2007, these decreases can largely be attributed to the on-going aging of the baby boom generation and should not be of great concern. Despite these declines, however, the 20 to 44 group is expected to represent 35 percent of the PMA and county overall 2007 population counts. In comparison, the 45 and over age groups (especially the 45 to 64 age cohort, which is comprised primarily of baby boomers) are expected to be the fastest growing age segments within all three areas between 2000 and 2007, again demonstrating the overall aging shift of the population seen throughout much of the nation. Overall, the continued high percentage of persons within the 20 to 44 age group seen throughout the region signify positive trends by continuing to provide a solid base of potential tenants for the subject development.

Table 5.2: Age Distribution (1990 to 2007)

	City of Dalton	PMA	Whitfield County
Age Less than 20 - 1990	5,942	13,015	21,331
Percent of total 1990 population	27.3%	28.8%	29.4%
Age Between 20 and 44 - 1990	8,787	18,057	29,426
Percent of total 1990 population	40.4%	39.9%	40.6%
Age Between 45 and 64 - 1990	4,117	9,050	14,503
Percent of total 1990 population	18.9%	20.0%	20.0%
Age 65 and Over - 1990	2,915	5,085	7,202
Percent of total 1990 population	13.4%	11.2%	9.9%
Age Less than 20 - 2000	8,534	15,846	25,274
Percent of total 2000 population	30.6%	30.5%	30.3%
Percent change (1990 to 2000)	43.6%	21.8%	18.5%
Age Between 20 and 44 - 2000	10,898	19,796	31,686
Percent of total 2000 population	39.0%	38.2%	37.9%
Percent change (1990 to 2000)	24.0%	9.6%	7.7%
Age Between 45 and 64 - 2000	5,278	10,564	17,989
Percent of total 2000 population	18.9%	20.4%	21.5%
Percent change (1990 to 2000)	28.2%	16.7%	24.0%
Age 65 and Over - 2000	3,202	5,680	8,576
Percent of total 2000 population	11.5%	10.9%	10.3%
Percent change (1990 to 2000)	9.8%	11.7%	19.1%
Age Less than 20 - 2007	7,701	15,626	24,056
Percent of total 2007 population	28.2%	28.1%	26.9%
Percent change (2000 to 2007)	-9.8%	-1.4%	-4.8%
Age Between 20 and 44 - 2007	9,906	19,131	29,936
Percent of total 2007 population	36.3%	34.5%	33.5%
Percent change (2000 to 2007)	-9.1%	-3.4%	-5.5%
Age Between 45 and 64 - 2007	6,697	14,259	24,501
Percent of total 2007 population	24.5%	25.7%	27.4%
Percent change (2000 to 2007)	26.9%	35.0%	36.2%
Age 65 and Over - 2007	2,986	6,503	10,891
Percent of total 2007 population	10.9%	11.7%	12.2%
Percent change (2000 to 2007)	-6.7%	14.5%	27.0%
SOURCE: 1990-2000 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau; Claritas, Inc.			

According to 2000 Census data, average household sizes throughout Whitfield County increased during the past decade – counter to the typical shift toward smaller family sizes seen in most areas throughout the country. For the PMA, the average household size was 2.86 persons in 2000, representing an increase of 10 percent from 1990’s average of 2.60 persons. Dalton and the county household sizes and trends follow the same patterns as the PMA.

An explanation for this increase is the significant influx of immigrants to the area over the past decade, as these persons have a higher incidence of multi-family households and larger family sizes. Data from Summary Table DP-2 utilizing 2000 Census data reveals that 20 percent of Dalton’s population resided outside of the U.S. in 1995, while 31 percent were foreign born and entered the U.S. between 1990 and 2000. Of these new residents, the vast majority are of Hispanic descent, comprising 40 percent of Dalton’s total population in 2000 and 31 percent for the PMA. In comparison, just 7 percent of the city and 4 percent of the county were Hispanic in 1990.

Table 5.3: Average Household Size (1980 to 2000)

	City of <u>Dalton</u>	<u>PMA</u>	Whitfield <u>County</u>
1980 Average Household Size	2.81	2.80	2.91
1990 Average Household Size	2.42	2.60	2.67
Percent Change (1980-1990)	-13.9%	-7.2%	-8.0%
2000 Average Household Size	2.81	2.86	2.82
Percent Change (1990-2000)	16.0%	9.9%	5.3%
SOURCE: 1980-2000 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau; Claritas, Inc.			

Household Trends

Consistent with population trends, much of Whitfield County has experienced steady household growth since 1980. Additionally, Claritas forecasts indicate continued solid growth between 2000 and 2007. According to 2000 Census data, households increased by 4 percent between 1990 and 2000 within the PMA, rising to an occupied household figure of 17,884 (an increase of nearly 800 households). Furthermore, household projections indicate that the PMA is expected to increase by an estimated 5 percent through 2007.

Within Whitfield County as a whole, the number of households increased by 9 percent between 1990 and 2000, while estimates indicate a projected gain of 6 percent between 2000 and 2007. Historical growth patterns for Dalton are similar, with an increase of 11 percent in the number of households during the last decade.

Table 5.4: Household Trends (1980 to 2007)

	<u>City of Dalton</u>	<u>PMA</u>	<u>Whitfield County</u>
1980 Households	7,254	14,656	22,467
1990 Households	8,733	17,124	26,859
Percent Change (1980-1990)	20.4%	16.8%	19.5%
2000 Households	9,689	17,884	29,385
Percent Change (1990-2000)	10.9%	4.4%	9.4%
2002 Household Estimate	9,821	18,159	29,860
Percent Change (2000-2002)	1.4%	1.5%	1.6%
2004 Household Forecast	9,953	18,434	30,334
Percent Change (2000-2004)	2.7%	3.1%	3.2%
2007 Household Forecast	10,151	18,846	31,046
Percent Change (2000-2007)	4.8%	5.4%	5.7%
SOURCE: 1980-2000 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau; Claritas, Inc.			

Growth rates for renter occupied households within the Dalton PMA were similar to patterns experienced by overall households during the 1990's. In 2000, 7,237 renter-occupied households were reported within the PMA, representing an increase of 6 percent from 1990 figures (a gain of more than 435 renter households). In comparison, the number of renter households within Dalton itself increased by just over 300 renter households during the same time frame, representing an increase of 6 percent.

Renter household propensities within the PMA were fairly consistent to that recorded for Whitfield County, but substantially lower than that recorded for Dalton, as the number of rental homes and apartment developments are much more prevalent within the city. Overall, renter household propensities are quite high throughout the area. For the PMA, the renter household percentage was calculated at 41 percent in 2000, representing a slight increase from 40 percent a decade earlier. In comparison, Dalton had a renter household percentage of 52 percent in 2000 (down slightly from 54 percent in 1990), while Whitfield County contained 32 percent renter households (also down slightly).

Table 5.5: Renter Household Trends (1990 to 2000)

	<u>City of Dalton</u>	<u>PMA</u>	<u>Whitfield County</u>
1990 Renter Households	4,745	6,801	8,899
Percent of total 1990 households	54.3%	39.7%	33.1%
2000 Renter Households	5,048	7,237	9,531
Percent of total 2000 households	52.1%	40.5%	32.4%
Percent change (1990 to 2000)	6.4%	6.4%	7.1%
SOURCE: 1990 and 2000 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau			

Housing Stock Composition

Similar within both Dalton and Whitfield County as a whole, the majority of residents were housed in single-family structures in 2000, even though multi-family structures account for a larger than typical share of the housing stock for the city. According to U.S. Census data, approximately 57 percent of all households within the city were single-family dwellings, while 41 percent were in multi-family structures (apartments or condominiums). Mobile homes, trailers, and other arrangements represented just 2 percent of the households within the city. For the county, 66 percent of all housing units were single-family structures, 17 percent were multi-family units, and 17 percent were mobile homes. Housing stock information is not yet available for census tracts (in which the PMA is comprised) for 2000.

Table 5.6: Housing Stock Composition (2000)

	<u>City of Dalton</u>	<u>PMA</u>	<u>Whitfield County</u>
Single-Family	5,916	NA	20,280
Percent of total structures	57.4%	--	66.0%
Multi-Family	4,217	NA	5,086
Percent of total structures	40.9%	--	16.6%
2 to 4 units	1,778	NA	2,461
Percent of total structures	17.2%	--	8.0%
5 or more units	2,439	NA	2,625
Percent of total structures	23.7%	--	8.5%
Mobile Homes - Total	176	NA	5,345
Percent of total structures	1.7%	--	17.4%
Other	0	NA	11
Percent of total structures	0.0%	--	0.0%
SOURCE: Table DP-4 - U.S. Census Bureau, Census 2000, U.S. Census Bureau			

Median Gross Rent and Unit Size

The median gross rent within Dalton was recorded at \$484 in 2000, according to information recently published by the U.S. Census. In comparison, the median gross rent within Whitfield County was an identical \$484. Because this data is not yet available at the census tract level, the median gross rent is estimated at \$508 for the PMA, approximately 5 percent greater than both the city and county. The PMA estimate is based on an average annual increase of approximately 3½ percent, and reflective of average rental costs as indicated within the rental housing survey section.

Table 5.7: Median Gross Rent (1990 to 2000)

	<u>City of Dalton</u>	<u>PMA</u>	<u>Whitfield County</u>
1990 Median Gross Rent	\$355	\$360	\$365
2000 Median Gross Rent	\$484	\$508	\$484
Total percent change (1990 to 2000)	36.3%	41.1%	32.6%
Annual percent change (1990 to 2000)	3.1%	3.5%	2.9%
SOURCE: 1990 and 2000 Census of Population and Housing, STF 3A/SF 3, U.S. Census Bureau; CRG			

As with the case of overall household sizes, the average number of persons occupying renter households increased between 1990 and 2000. Data collected from the U.S. Census Bureau on rental unit size reveal that the distribution for rental units is relatively even. As such, one-person households accounted for 27 percent of all rental units in 2000, while two-persons represented 22 percent. Three- and four-person households represented the greatest proportion of rental units at 31 percent, and those households with five or more persons accounted for 20 percent of the PMA's rental household count.

Based on these figures, with a relatively high percentage of large families occupying rental units, any new rental alternative should contain a larger proportion of larger unit types (i.e. three- and four-bedroom units) to be consistent with characteristics of the existing rental market.

Table 5.8: Rental Unit Size Distribution (2000)

	City of <u>Dalton</u>	<u>PMA</u>	Whitfield <u>County</u>
One Person	1,588	1,977	2,552
Percent of total renter households	31.5%	27.3%	26.8%
Two Persons	1,105	1,596	2,184
Percent of total renter households	21.9%	22.1%	22.9%
Three or Four Persons	1,374	2,208	3,059
Percent of total renter households	27.2%	30.5%	32.1%
Five or More Person	981	1,456	1,736
Percent of total renter households	19.4%	20.1%	18.2%
Median Persons Per Rental Unit - 1990	2.38	2.52	2.57
Median Persons Per Rental Unit - 2000	2.90	3.00	2.94
SOURCE: 1990 and 2000 Census of Population and Housing, SF1, U.S. Census Bureau			

Economic and Social Characteristics

The Dalton area's designation as the "carpet capital of the world" is quite fitting, as more than 55 percent of the annual world carpet production takes place locally in Whitfield County. As such, its economy is largely dependent on the textile industry. Based on recently released 2000 Census data (with only place and county information available at the present time), the majority of the area's employment is based mainly in the manufacturing and services sectors – with most being tied directly to the carpet industry. As such, the manufacturing sector represented the largest employment segment within both Dalton and Whitfield County in 2000, accounting for 48 percent and 45 percent of all employed persons, respectively. Service occupations were the second most prevalent source of employment, representing 25 percent of all employed persons in both the city and county.

Table 5.9: Employment by Industry (2000)

	<u>City of Dalton</u>	<u>PMA</u>	<u>Whitfield County</u>
Agriculture and Mining	197	NA	492
Percent	1.6%	--	1.3%
Construction	647	NA	2,139
Percent	5.3%	--	5.5%
Manufacturing	5,849	NA	17,429
Percent	47.7%	--	44.6%
Transportation and Public Utilities	261	NA	1,507
Percent	2.1%	--	3.9%
Wholesale Trade	452	NA	1,450
Percent	3.7%	--	3.7%
Retail Trade	1,053	NA	3,984
Percent	8.6%	--	10.2%
Finance, Insurance, & Real Estate	535	NA	1,385
Percent	4.4%	--	3.5%
Services	3,018	NA	9,835
Percent	24.6%	--	25.2%
Public Administration	245	NA	828
Percent	2.0%	--	2.1%
SOURCE: Table DP-3 - U.S. Census Bureau, Census 2000, U.S. Census Bureau			

Based on its proximity to Chattanooga and the Tennessee state border (just 15 miles north), as well as the area's convenient transportation network (especially Interstate 75), it is somewhat surprising that a relatively small portion of the PMA's residents are employed outside of Whitfield County. According to the 1990 U.S. Census (this detailed information is not yet available for 2000), less than ten percent of the PMA workforce was employed outside of the county, with fewer than 2 percent employed outside of the state.

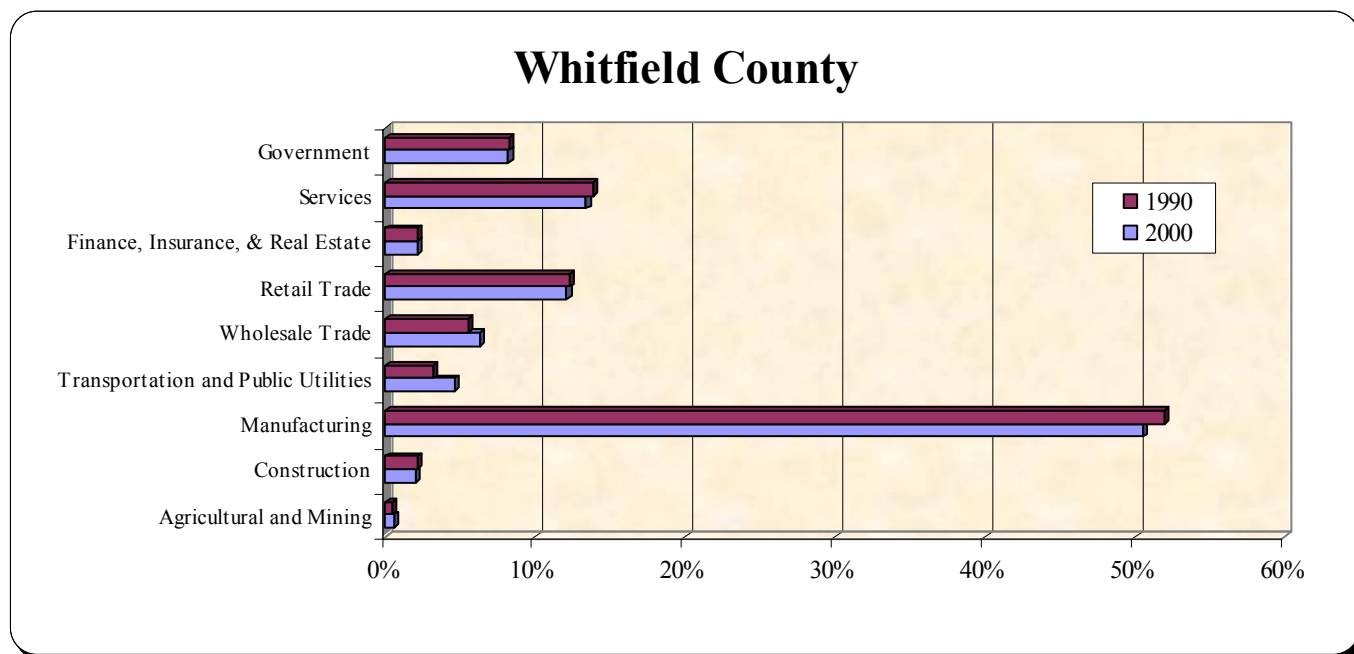
Table 5.10: Employment by Place of Work (1990)

	<u>City of Dalton</u>	<u>PMA</u>	<u>Whitfield County</u>
Place of Work within County Percent	9,983 91.1%	20,663 90.7%	33,657 90.2%
Place of Work Outside of County Percent	746 6.8%	1,737 7.6%	2,908 7.8%
Place of Work Outside of State Percent	234 2.1%	370 1.6%	743 2.0%
SOURCE: 1990 Census of Population and Housing, STF 3A, U.S. Census Bureau			

According to information contained within the Whitfield County Area Labor Profile published by the Georgia Department of Labor (which is based on 1990 Census data), the draw for jobs in the Dalton area is very apparent. Of those persons working in Whitfield County, nearly one-third live in another county. The most significant sources of employees (outside of Whitfield County) for local businesses include Murray County (representing 10 percent of the county's workforce), Tennessee (6 percent), and Catoosa County (5 percent).

ES-202 employment data in the following figure obtained from the U.S. Bureau of Labor Statistics illustrates employment trends within Whitfield County during the past decade. As can be seen in the following figure, the overwhelming importance of the manufacturing industry is easily apparent. Overall, the employment distribution changed little between 1990 and 2000, as the most significant employment sector in 2000, not surprisingly, still was the manufacturing sector at 51 percent of all employed persons – a slight drop from 52 percent in 1990 (a net increase of 24 percent during this time span, however). Next was the services sector which increased by 23 percent during the decade, and represented 13 percent of all jobs in 2000. The third largest employment area was the retail trade sector with 12 percent of all jobs, representing an increase of 26 percent from 1990. It is quite clear that the overall economy throughout Whitfield County is quite strong, as every employment sector experienced double digit gains in net employment between 1990 and 2000.

Figure One: Employment Distribution by Industry – 1990 vs. 2000



As can be seen in the table below, the top employers within Whitfield County represent several different industries, but carpet manufacturers dominate the employment base. Utilizing updated information (as of March 29, 2002) provided by the Dalton-Whitfield Chamber of Commerce, Shaw Industries and Mohawk Industries (both are carpet manufacturers) are the largest employers within the area by far, employing more than 15,000 persons combined in a variety of positions. Whitfield County Schools, Dalton Public Schools, and Hamilton Medical Center, as well as several additional manufacturing companies are also key influences in the area's economy. The top 25 employers within Whitfield County include the following:

<u>Employer</u>	<u>Employees</u>
Shaw Industries, Inc.	9,000
Mohawk Industries	6,015
Whitfield County School System	1,500
Hamilton Medical Center	1,138
Dalton Public Schools	800
Collins & Aikman Floorcoverings, Inc.	778
J & J Industries	738
ConAgra Poultry Company	550
ALLTELL	510
City of Dalton	496
Cherokee Carpet	465
Oriental Weavers Rug Mfg. Co.	450
Bretlin Industries, Inc.	409
GA Highlands Center	350
Textile Rubber & Chemical Co.	350
Wal-Mart	300
Dalton Utilities	240
Brown Printing	160
NPC South, Inc.	160
Northwest Health District	150
S & S Mills	140
BB&T	130
Southern Binders	128
Daily Citizen	125
Pentafab, Inc.	124

Overall, economic conditions have been relatively positive throughout Whitfield County, with sustained job creation since 1985. Additionally, the annual unemployment rate has historically been below both the state and national averages. Information obtained from the Georgia Department of Labor is presented in the following figures and clearly illustrates these employment patterns throughout the county. Nearly 7,400 jobs (a 20 percent increase) have been added to the county since 1990, and more recently, 3,600 positions have been added since 1995 (an increase of 9 percent). As a result, the county's annual average unemployment rate has consistently been below the state and national averages. Although the number of employed persons decreased slightly between 2000 and 2001 due to an economic slowdown, the unemployment rate was 4.2 percent – remaining below the national average of 4.8 percent, but just above the state average of 4.0 percent. As of April 2002, the unemployment rate was reported at 3.0 percent (as compared to 3.4 percent a year ago for April 2001), once again dropping below the state (4.2 percent) and national averages (5.7 percent).

Figure Two: Area Employment Growth – Whitfield County

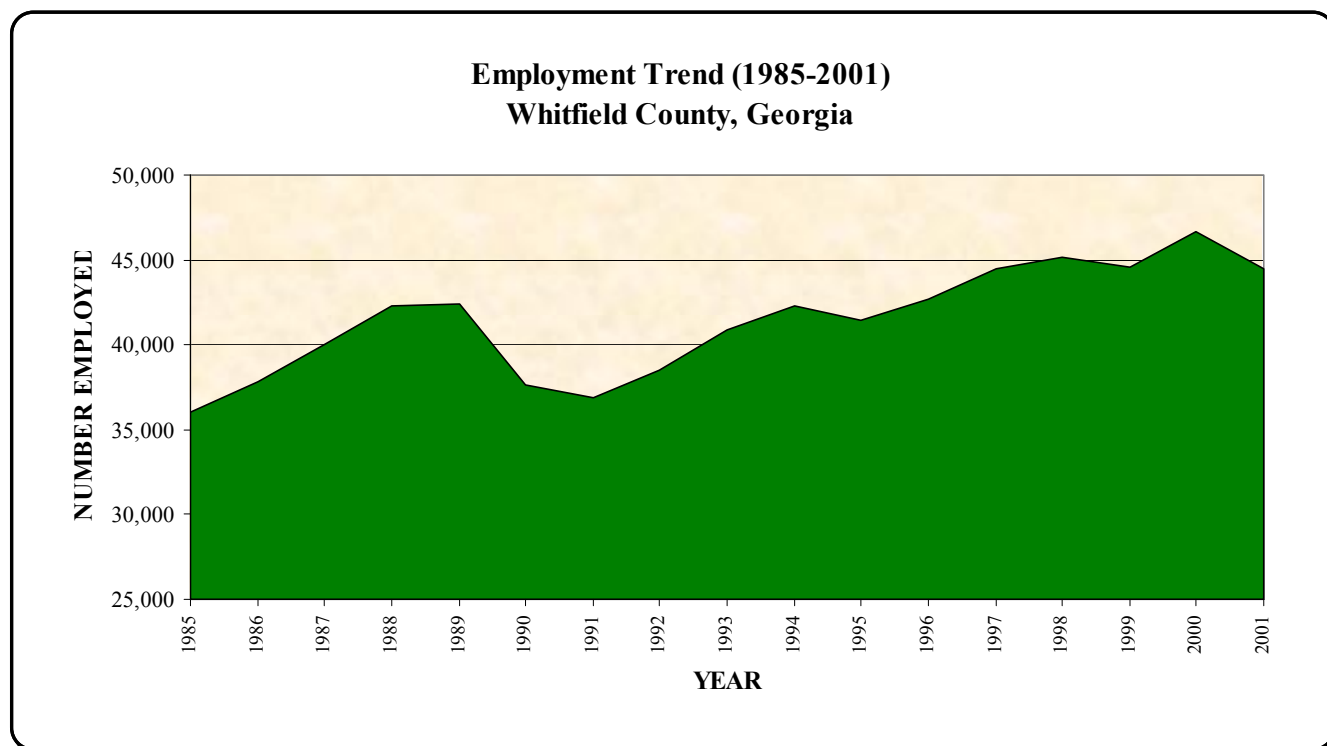
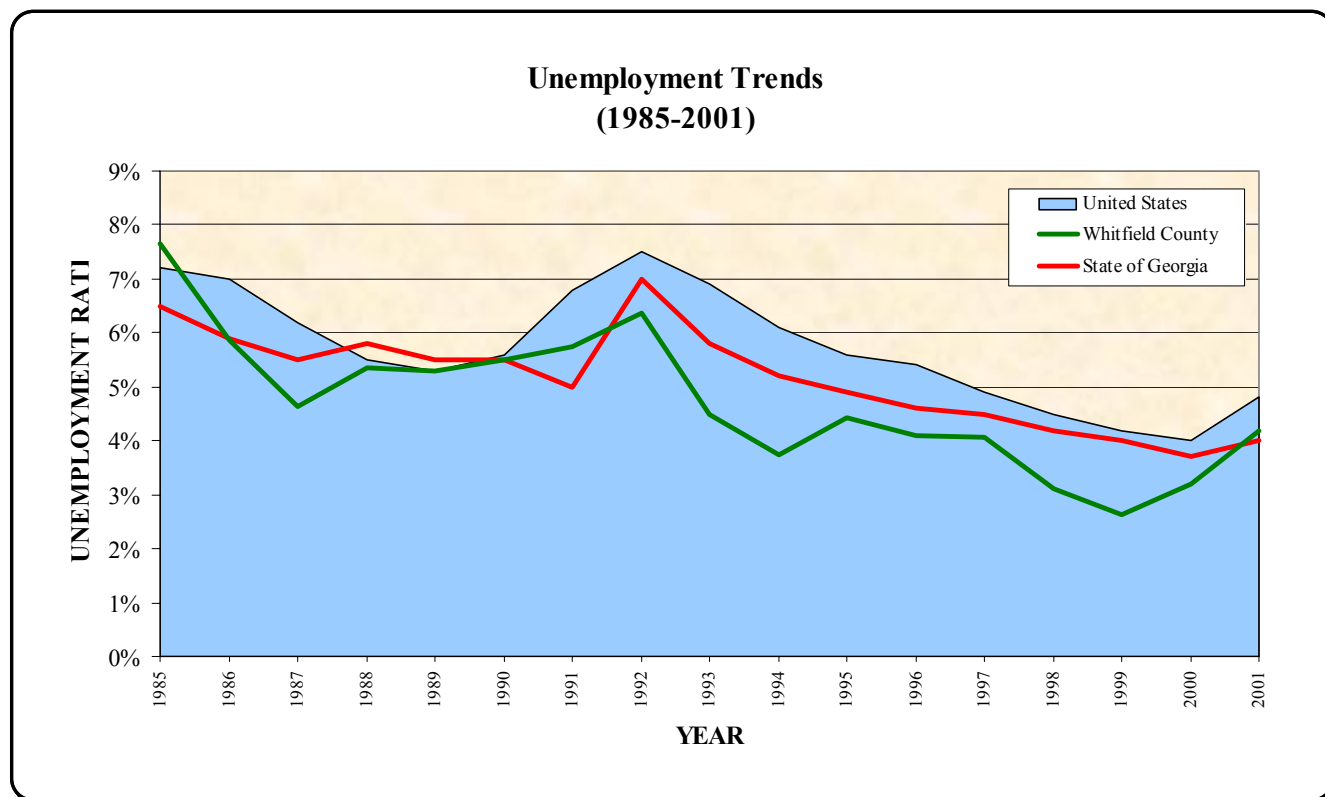


Figure Three: Unemployment Rate Comparison



Based on information from the Whitfield County Chamber of Commerce, no significant additions or contractions in employment are expected locally. The only activity noted was the expansion of Lowe's and P & O Packaging, each adding a small number of employees.

Overall, the county's prevailing average incomes are reflective of the need for affordable housing. The relatively low unemployment rate since 1993 is indicative of positive economic conditions. Many local residents work in positions affiliated with the carpet industry throughout Whitfield County. However, most positions are typically in the lower paying categories, further emphasizing the importance of affordable housing alternatives.

Table 5.11: Employment Trends (1985 to Present)

	<i>Whitfield County</i>				<i>State of Georgia</i>	<i>United States</i>
<i>Year</i>	<i>Labor Force</i>	<i>Number Employed</i>	<i>Annual Change</i>	<i>Unemployment Rate</i>	<i>Unemployment Rate</i>	<i>Unemployment Rate</i>
1985	39,014	36,026	36,026	7.7%	6.5%	7.2%
1986	40,182	37,831	1,805	5.9%	5.9%	7.0%
1987	41,979	40,032	2,201	4.6%	5.5%	6.2%
1988	44,732	42,339	2,307	5.3%	5.8%	5.5%
1989	44,808	42,430	91	5.3%	5.5%	5.3%
1990	39,817	37,629	(4,801)	5.5%	5.5%	5.6%
1991	39,168	36,922	(707)	5.7%	5.0%	6.8%
1992	41,145	38,530	1,608	6.4%	7.0%	7.5%
1993	42,835	40,920	2,390	4.5%	5.8%	6.9%
1994	43,941	42,303	1,383	3.7%	5.2%	6.1%
1995	43,341	41,427	(876)	4.4%	4.9%	5.6%
1996	44,478	42,654	1,227	4.1%	4.6%	5.4%
1997	46,405	44,520	1,866	4.1%	4.5%	4.9%
1998	46,644	45,199	679	3.1%	4.2%	4.5%
1999	45,791	44,583	(616)	2.6%	4.0%	4.2%
2000	48,181	46,645	2,062	3.2%	3.7%	4.0%
2001	46,432	44,488	(2,157)	4.2%	4.0%	4.8%
Apr-02	46,419	45,008	520	3.0%	4.2%	5.7%

	<u><i>Number</i></u>	<u><i>Percent</i></u>
Change (1985-1990):	1,603	4.4%
Change (1990-1995):	3,798	10.1%
Change (1995-2000):	5,218	12.6%
Change (1990-Present):	7,379	19.6%

Income Trends

According to Census data and Claritas projections, median household income levels throughout Whitfield County have experienced steady gains since 1980, though decreasing rates of income appreciation are expected through 2007. The median household income for Dalton (as reported within 2000 Census Table DP-3) was \$34,312 in 1999, while Whitfield County had a median household income of \$39,377. Although this data is not yet available for census tracts, the PMA had an estimated median income of \$36,102 in 1999, which was 5 percent higher than the city, but 8 percent below that of the county. This figure represents an increase of 32 percent from 1989, and an average annual increase of 2.8 percent for the decade. In comparison, Dalton and Whitfield County had average annual increases of 3.4 and 3.5 percent, respectively.

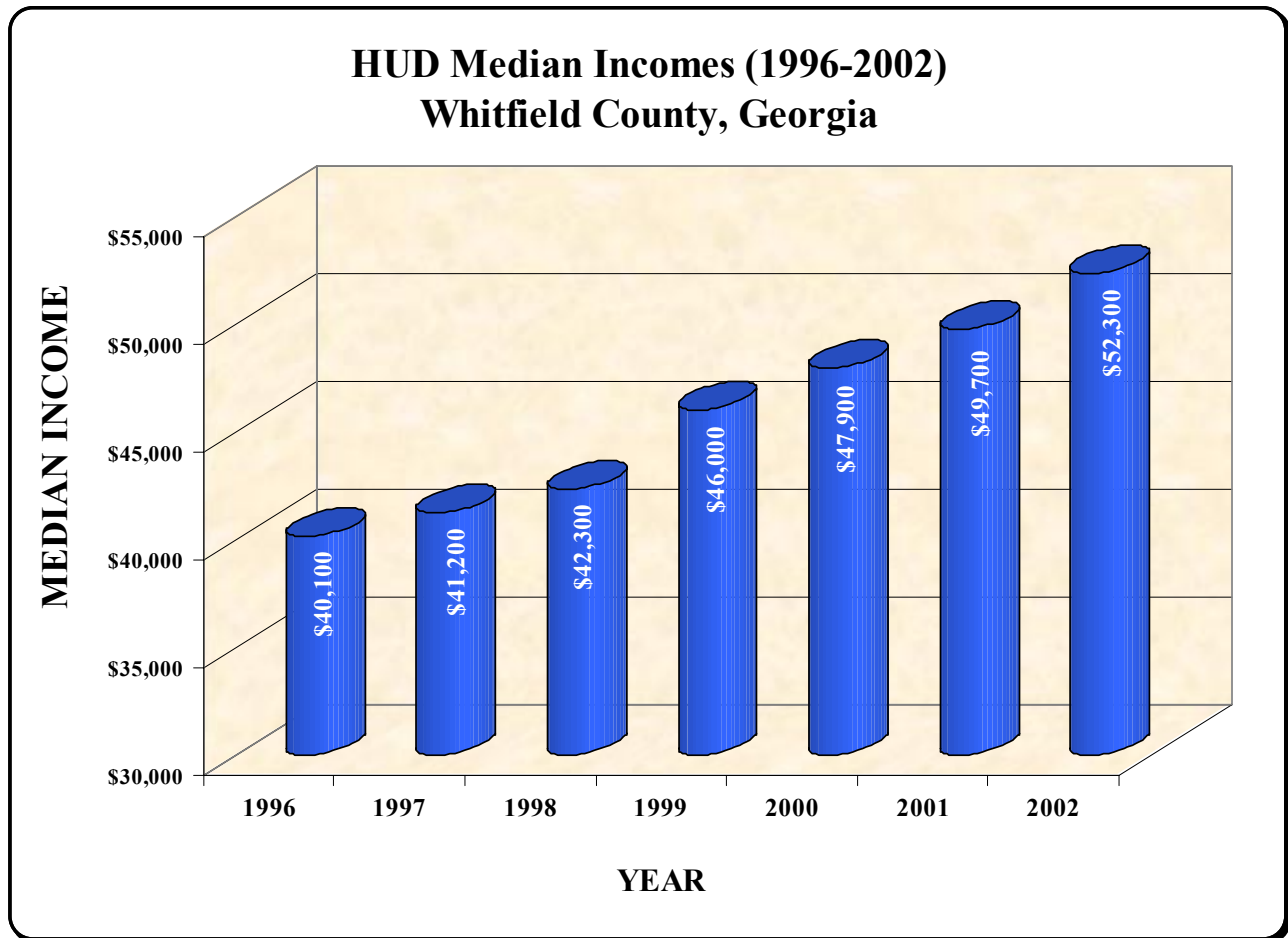
According to Claritas, income appreciation is expected to slow through 2007 for much of Whitfield County, including the Dalton area. It is projected that the PMA will increase by 20 percent between 2000 and 2007 (2.3 percent annually), similar to both Dalton itself (1.5 percent) and the county (2.3 percent) over the same time span.

Table 5.12: Median Household Incomes (1979 to 2007)

	<u>City of Dalton</u>	<u>PMA</u>	<u>Whitfield County</u>
1979 Median Income	\$16,027	NA	\$16,144
1989 Median Income	\$24,517	\$27,306	\$27,797
Total percent change (1979 to 1989)	53.0%	--	72.2%
Annual percent change (1979 to 1989)	4.3%	--	5.6%
1999 Median Income	\$34,312	\$36,102	\$39,377
Total percent change (1989 to 1999)	40.0%	32.2%	41.7%
Annual percent change (1989 to 1999)	3.4%	2.8%	3.5%
2002 Estimated Median Income	\$35,908	\$38,741	\$42,341
Total percent change (1999 to 2002)	4.7%	7.3%	7.5%
Annual percent change (1999 to 2002)	1.5%	2.4%	2.4%
2004 Estimated Median Income	\$36,972	\$40,500	\$44,318
Total percent change (1999 to 2004)	7.8%	12.2%	12.5%
Annual percent change (1999 to 2004)	1.5%	2.3%	2.4%
2007 Forecast Median Income	\$38,568	\$43,138	\$47,282
Total percent change (1999 to 2007)	12.4%	19.5%	20.1%
Annual percent change (1999 to 2007)	1.5%	2.3%	2.3%
SOURCE: 1980 and 1990 Census of Population and Housing, STF 3A, U.S. Census Bureau; Claritas			

Increases in median income for Whitfield County during the latter part of the 1990's, as measured by HUD, are slightly higher when compared to income appreciation between 1990 and 2000 reported within the U.S. Census. According to HUD median income trends, the average annual increase was 4.5 percent for the county between 1996 and 2002, but increased by 3.5 percent annually between 1989 and 1999 according to Census figures. The most recent HUD estimates indicate the county's median income has accelerated somewhat between 2001 and 2002, with an increase of 5.2 percent. Considering stable on-going local and regional economic conditions, any income slowdown (as evident in Claritas projections) can be considered temporary and increases in HUD Area Median Income levels are anticipated to continue in the near future.

Figure Four: HUD Median Income Trends



Income-Qualified Population

The key income range for the tax credit portion of the proposed facility is approximately \$13,270 to \$36,400 (in current dollars), while the targeted income range for the market rate units is \$28,600 to \$50,000. Utilizing the most recent income distribution from the 2000 U.S. Census, the \$15,000 to \$35,000 income range accounts for a sizeable number of low- and moderate-income households throughout the area. Approximately 29 percent of all households within the county fall within the LIHTC income criteria, while 32 percent of Dalton itself within this range. Considering market rate eligible households, roughly 25 percent of both the county and city have incomes between \$30,000 and \$50,000.

Table 5.13: Household Income Distribution (1999)

	<u>City of Dalton</u>	<u>PMA</u>	<u>Whitfield County</u>
Less than \$10,000	1,132	NA	2,750
Percent of 1999 Households	11.5%	--	9.4%
\$10,000 to \$14,999	718	NA	1,879
Percent of 1999 Households	7.3%	--	6.4%
\$15,000 to \$24,999	1,454	NA	3,888
Percent of 1999 Households	14.8%	--	13.2%
\$25,000 to \$34,999	1,733	NA	4,641
Percent of 1999 Households	17.6%	--	15.8%
\$35,000 to \$49,999	1,507	NA	5,272
Percent of 1999 Households	15.3%	--	18.0%
\$50,000 to \$74,999	1,340	NA	5,760
Percent of 1999 Households	13.6%	--	19.6%
\$75,000 to \$99,999	818	NA	2,562
Percent of 1999 Households	8.3%	--	8.7%
More than \$100,000	1,148	NA	2,610
Percent of 1999 Households	11.7%	--	8.9%
SOURCE: 2000 Census of Population and Housing, U.S. Census Bureau, Summary Table DP-3			

As already mentioned, the key income range for tax credit units at the subject proposal, in current dollars, is roughly \$15,000 to \$35,000. According to Claritas projections, approximately 6,250 income-qualified households are forecast for the PMA in 2007, representing 28 percent of all households. These forecasts provide additional weight to the importance of affordable housing within the area as low and moderate-income households are projected to continue to comprise more than one out of every four households within the PMA.

Table 5.14: Future Household Income Distribution (2007)

	<u>City of Dalton</u>	<u>PMA</u>	<u>Whitfield County</u>
Less than \$10,000	1,232	1,805	2,396
Percent of 2007 Households	10.1%	7.9%	6.6%
\$10,000 to \$14,999	860	1,300	1,760
Percent of 2007 Households	7.1%	5.7%	4.9%
\$15,000 to \$19,999	917	1,532	1,992
Percent of 2007 Households	7.5%	6.7%	5.5%
\$20,000 to \$24,999	913	1,642	2,397
Percent of 2007 Households	7.5%	7.2%	6.7%
\$25,000 to \$29,999	800	1,442	2,177
Percent of 2007 Households	6.6%	6.3%	6.0%
\$30,000 to \$34,999	919	1,670	2,405
Percent of 2007 Households	7.6%	7.3%	6.7%
\$35,000 to \$49,999	2,022	3,944	6,395
Percent of 2007 Households	16.6%	17.2%	17.7%
\$50,000 or More	4,489	9,611	16,522
Percent of 2007 Households	36.9%	41.9%	45.8%
SOURCE: Claritas, Inc.			

Furthermore, it is important to note that this percentage of income-qualified households could greatly increase if households wished to pay a higher than expected percentage of household income for housing (35 percent or more). Based on the data provided on household incomes, it is clear that sufficient depth is present within this income segment for the normal absorption of the proposed rental facility within the Dalton rental market.

Section 6: DEMAND ANALYSIS

Demand for Tax Credit Rental Units

Overall population and household projections are illustrated in the following table, along with demand forecasts for the subject proposal across all applicable income bands and bedroom types. Demand estimates are measured from three key sources: household growth, existing renter households, and substandard housing. Households that are rent-overburdened have been omitted from the following demand forecasts to reduce double counting as well as to keep a conservative focus.

All demand sources will be income-qualified, based on the targeting plan of the subject proposal and current LIHTC income restrictions, as published by the Georgia DCA. For the subject proposal, demand calculations will be based on the starting LIHTC rental rate, a 35 percent rent-to-income ratio, and an income ceiling of \$36,400 (the 6-person income limit at 60 percent AMI for Whitfield County). As a result, the LIHTC income-eligibility range is \$13,270 to \$36,400, while the estimated income-eligibility range for the market rate portion of the proposal is \$28,600 to \$50,000.

By applying the qualified income range, overall 2000 household distribution, and household forecasts to the recently released U.S. Census data, the number of income-qualified households can be calculated. Based on U.S. Census data and projections from Claritas, a total of 242 new renter households are estimated between 2000 and 2004. By applying the income-qualified percentage (28 percent within the PMA) to this figure, as well as factoring in the appropriate renter household range (3 persons or more), a total demand of 37 LIHTC units can be calculated as a result of new rental household growth.

The second source of demand is existing renter households in 2000. Based on a total of 7,237 rental households reported within the PMA (which equals 41 percent of all households), and applying the appropriate income-qualified and household size percentage, a total demand of 1,207 units has been determined from existing renter households.

Lastly, utilizing Census data on substandard rental housing, it is estimated that approximately 9 percent of all renter households within the Dalton PMA could be considered substandard, either by virtue of overcrowding (a greater than 1-to-1 ratio of persons to rooms) or incomplete plumbing facilities (a unit that lacks at least a sink, bathtub, or toilet). In actuality, considering the increase in the average number of persons per rental unit, this figure is likely higher. Applying this percentage, along with the renter percentage and income-qualified percentage, to the number of households currently present in 2000 (the base year utilized within the demand calculations), the total demand resulting from substandard units is calculated at 108 within the PMA.

Combining all sources yields a total demand of 1,352 additional units for the subject proposal. Calculations for market rate units, by individual income group, and by bedroom type are also provided using the same methodology. However, because obvious overlap exists among these income ranges and bedroom sizes, the most accurate measurement of *total* LIHTC demand is the overall figure.

The only comparable LIHTC rental project that has entered the market or has received funding within the Dalton PMA since 2000 is Dawnville Meadow Apartments. In addition, two market rate facilities have been constructed since 2000 as well (Byron Heights and Murray Avenue Apartments). Therefore, a total of 240 units (96 tax credit, 144 market rate) need to be deducted from the demand factors listed previously, yielding a total net demand of 1,256 units.

It is worth noting at this time that these demand calculations do not consider that the construction of a new rental facility typically generates interest above movership ratios typically observed. In this case, a new single-family rental housing option for low and moderate-income households should receive a positive response due to relatively stable occupancy levels within existing rental options, the lack of single family rentals throughout the market area, and its generous amenities and spacious unit sizes. The demand forecasts represent the minimum demand potential for the proposed facility. Other demand-related considerations include ongoing positive economic conditions within Whitfield County, which would have an obvious impact on the demand for rental housing.

Table 6.1: Demand Calculation – by AMI (2004)

2000 Total Occupied Households	17,884				
2000 Owner-Occupied Households	10,647				
2000 Renter-Occupied Households	7,237				
		<u>30%</u>	<u>50%</u>	<u>60%</u>	<u>Total</u>
		<u>AMI</u>	<u>AMI</u>	<u>AMI</u>	<u>LIHTC</u>
					<u>Market</u>
					<u>Rate</u>
DEMAND FROM NEW HOUSEHOLD GROWTH					
Renter Household Growth, 2000-2004	222	222	222	222	222
Percent Income Qualified Renter Households	6.5%	12.2%	15.0%	32.9%	28.1%
Percent within Appropriate Household Size	50.6%	50.6%	50.6%	50.6%	50.6%
Total Demand From New Households	7	14	17	37	32
DEMAND FROM EXISTING RENTER HOUSEHOLDS-2000					
Percent Renter Households in 2000	40.5%	40.5%	40.5%	40.5%	40.5%
Percent Income Qualified Renter Households	6.5%	12.2%	15.0%	32.9%	28.1%
Percent within Appropriate Household Size	50.6%	50.6%	50.6%	50.6%	50.6%
Total Demand From Existing Renter Households	236	447	550	1,207	1,029
Percent Renters in Substandard Housing	8.9%	8.9%	8.9%	8.9%	8.9%
Percent Income Qualified Renter Households	6.5%	12.2%	15.0%	32.9%	28.1%
Percent within Appropriate Household Size	50.6%	50.6%	50.6%	50.6%	50.6%
Total Demand From Substandard Renter Households	21	40	49	108	92
Total Demand From Existing Renter Households	258	487	599	1,315	1,029
TOTAL DEMAND	265	501	616	1,352	1,060
LESS: Total Comparable Units Constructed Since 1999	0	6	90	96	144
LESS: Total Comparable Units Proposed/Under Construction	0	0	0	0	0
TOTAL NET DEMAND	265	495	526	1,256	916
PROPOSED NUMBER OF UNITS	5	5	58	68	18
CAPTURE RATE	1.9%	1.0%	11.0%	5.4%	2.0%
Note: Totals may not sum due to rounding					

Table 6.2: Demand Calculation – by Bedroom (2004)

2000 Total Occupied Households	17,884			
2000 Owner-Occupied Households	10,647			
2000 Renter-Occupied Households	7,237			
		<u>3BR</u>	<u>4BR</u>	<u>Total</u>
		<u>Units</u>	<u>Units</u>	<u>LIHTC</u>
DEMAND FROM NEW HOUSEHOLD GROWTH				
Renter Household Growth, 2000-2004	222	222	222	
Percent Income Qualified Renter Households	27.5%	31.0%	32.9%	
Percent within Appropriate Household Size	50.6%	50.6%	50.6%	
Total Demand From New Households	31	35	37	
DEMAND FROM EXISTING RENTER HOUSEHOLDS-2000				
Percent Renter Households in 2000	40.5%	40.5%	40.5%	
Percent Income Qualified Renter Households	27.5%	31.0%	32.9%	
Percent within Appropriate Household Size	50.6%	50.6%	50.6%	
Total Demand From Existing Renter Households	1,009	1,135	1,207	
Percent of Renters in Substandard Housing	8.9%	8.9%	8.9%	
Percent Income Qualified Renter Households	27.5%	31.0%	32.9%	
Percent within Appropriate Household Size	50.6%	50.6%	50.6%	
Total Demand From Substandard Renter Households	90	102	108	
Total Demand From Existing Households	1,099	1,236	1,315	
TOTAL DEMAND	1,130	1,271	1,352	
LESS: Total Comparable Units Constructed Since 1999	40	0	96	
LESS: Total Comparable Units Proposed/Under Construction	0	0	0	
TOTAL NET DEMAND	1,090	1,271	1,256	
PROPOSED NUMBER OF UNITS	31	55	68	
CAPTURE RATE	2.8%	4.3%	5.4%	
Note: Totals may not sum due to rounding				

Capture and Absorption Rates

From the LIHTC demand calculations, capture rates provide an indication of the percentage of annual income-qualified demand necessary for the subject property. Lower capture rates indicate generally deeper markets, thus reducing risk and hastening potential absorption periods.

An overall capture rate of 5.4 percent was determined based on the demand calculation (including renter household growth, existing renter households, substandard units, and excluding any comparable rental activity since 1999), providing an indication of the subject proposal's market depth within the Dalton PMA. Considering the location of the subject property, the lack of a similar product, as well as the strong demographic growth patterns within the PMA, the capture rate provides a realistic indication of the subject's marketability, and should be considered as a positive factor.

Taking into consideration the seemingly stable occupancy rates throughout the Dalton PMA, strong economic and demographic conditions, and most importantly the lack of single-family rental options throughout the marketplace, an estimate of the overall absorption rate can be calculated at approximately eight to ten units per month, on average. The resulting absorption period to reach 93 percent occupancy is nine to eleven months. This estimate is based on an approximate market entry in mid-2004; pre-leasing activity resulting in a minimum of 20 percent pre-leasing of the project; and assumes all units will enter the market at approximately the same time.

Evidence presented within the market study suggests a normal lease-up period should be anticipated based on project characteristics as proposed. The generally positive economic conditions within the Dalton area and the lack of a similar product within the local area provided the most positive indications regarding the need for additional rental alternatives within the Dalton area.

Section 7: SUPPLY ANALYSIS

Dalton Rental Market Characteristics

A survey of existing rental projects within the Dalton PMA was completed by Community Research Group in May/June 2002. Excluding senior-only developments, a total of 24 rental developments within the area were contacted and questioned for information such as current rental rates, amenities, and vacancy levels. General survey results for the overall rental market are described below and are presented on the following pages, providing an indication of overall market conditions throughout the area.

Of the developments contacted, a total of 2,441 units were reviewed. Among those rental facilities providing unit mix information during the survey, 31 percent were one-bedroom units, 53 percent were two-bedroom units, and 16 percent consisted of three-bedroom units. Less than one percent of the rental stock consisted of efficiency and four-bedroom units. The average year of construction for the facilities was 1981 – averaging roughly 21 years old, and reflective of a somewhat aged rental stock. As such, twelve of the developments (50 percent of all developments) were constructed before 1980, while four developments (17 percent) have been developed since 1990 – with three of these opening since 2000.

According to survey results, just three (12 percent of all rental developments) reported to contain some kind of income restrictions. Of these, one was a tax credit project (Dawnville Meadows) and two were developed through HUD – one Section 8 and one 236.

Despite its composition of a large number of older rental developments, PMA occupancy levels discovered during the survey indicate that a relatively stable rental market exists within the Dalton area, regardless of age, rent levels, or unit mix. With 10 of the 24 developments reporting to be 97 percent occupied or better, the overall occupancy rate was calculated at 94 percent, based on information provided by leasing agents. However, it should be noted that these occupancy rates do not include “extended stay” rental properties and those that lease predominately on a weekly basis. If these were included, a lower occupancy rate would result

based on the transient nature of these tenants. As such, occupancy levels appear to be stable, and are representative of generally positive rental market conditions throughout the immediate area.

Detailed survey results are illustrated in tables on the following pages. Overall, the average rent for a one-bedroom unit was calculated at \$453 per month with an average size of 708 square feet – the resulting average rent per square foot ratio is \$0.64. The average rent for a two-bedroom unit was \$533 with an average size of 1,022 square feet (an average rent per square foot ratio of \$0.52). Among the developments with three-bedrooms in its unit mix, the average rental rate was \$591, with an average size of 1,229 square feet (\$0.48 per square foot). The only four-bedroom units including within the survey were Section 8.

The most common amenities found within the market include central air conditioning (96 percent), mini-blinds (88 percent), coin-operated laundry (71 percent), laundry hook-ups (71 percent), patio/balcony (78 percent), and dishwashers (67 percent). Additional amenities that will be contained within the subject that are not as prevalent throughout the market will clearly aid in the marketability of the proposed facility, which will also include a club house (contained in just 29 percent of local developments), exercise room (17 percent), children's playground (46 percent), and swimming pool (50 percent). The inclusion of these amenities would undoubtedly give the subject proposal a distinct competitive advantage over most other local properties.

The subject's rent per square foot ratios are extremely competitive with other local developments, and much lower than those calculated for the area's only tax credit development – clearly demonstrating the true affordability of the proposal. Coupled with the generous amenity package and spacious unit sizes to be offered (the subject will have among the largest units for each unit type within the market), the proposal's value is even more apparent.

As previously mentioned, only one tax credit rental property currently exists within the Dalton area, and is located just ½ mile northeast of the subject property. **Dawnville Meadows Apartments** is a 120-unit family LIHTC development constructed in 2001. The unit mix includes 80 two-bedroom units (947 square feet) and 40 three-bedroom units (1,250 square feet). The facility has rents above those of the subject proposal at each income targeting level (even the market rate units) and has smaller unit sizes in comparison. Although water and sewer is

included within Dawnville Meadows (and is not included within the proposal's rents), rental rates are still higher when adjusting for the appropriate utility allowance. Unit amenities are competitive with the subject, and include dishwasher, garbage disposal, mini-blinds, patio/balcony, central air conditioning, and in-unit laundry hook-ups. Development amenities are clubhouse, swimming pool, exercise room, children's playground, and a volleyball court. According to the leasing manager, the project typically is between 95 and 98 percent occupied, and is 97 percent at the current time. The facility is in good or better condition, and is nicely landscaped. She noted that despite other properties speaking about vacancy levels, she attributed most of them to allowing short-term leases (weekly in many cases) as she was fully absorbed within seven months of opening.

Two other rental properties within Dalton have been constructed since 2000, Byron Heights Apartments and Murray Avenue Apartments. **Byron Heights Apartments** is a conventional 80-unit development which opened in April 2001. Consisting of 20 one-bedroom units and 60 two-bedroom units, the facility reported two vacancies (98 percent occupied) at the time of our call. Amenities are similar to that of the proposal. Although Byron Heights has somewhat higher rents than that of the subject proposal, the facility was absorbed into the market within a relatively short period time.

Murray Avenue Apartments is a 40-unit conventional property that opened in November 2000. The project contains all two-bedroom units and has somewhat lesser amenities when compared to the subject proposal. Overall, the development reported to be 93 percent occupied during our survey.

As can be seen, no larger scale single-family rental developments are present with Dalton. In fact, very limited rental options are available for those desiring to rent homes. A total of fourteen real estate or management companies were contacted to determine the availability of single-family home rentals. All indicated that they managed very few, and those that did become available were already spoken for before the initial tenant moved out. Furthermore, nearly all said that there seems to be a great demand for this type of housing, but nothing is available within Dalton at this time.

According to Dalton planning officials, just one comparable multi-family activity is present within the market area at this time – a 130-unit LIHTC proposal is situated on the north side of Dalton consisting of one-, two-, and three-bedroom units. It should be mentioned that the city has not looked favorably at new apartment construction over the past year or so due to vacancy concerns in several properties. They agreed that much of these concerns can be attributed to the fact that many are rented on a weekly basis, and therefore, have reversed their opinion to support (albeit cautiously) additional multi-family activity if it is properly positioned toward low and moderate income households.

Overall, it appears that the Dalton rental market is improving. When comparing current occupancy rates to those reported in the sponsor’s market study, seven of the ten developments that were surveyed reported improvement. The following summarizes these findings:

Development	March, 2002	June, 2002
Brookside Village TH’s	90%	90%
Cedar Hill Apartments	95%	98%
Chalet Valley Apartments	80%	80%
Dawnville Meadows Apartments	98%	97%
Huntington Place Apartments	80%	88%
Legacy of Dalton	91%	93%
Park Canyon Apartments	81%	94%
Timber Ridge Apartments	80%	93%
Timber Valley Apartments	79%	93%
Wood Valley Apartments	89%	91%

From a market standpoint, it is evident that sufficient demand is present for additional rental units within the Dalton PMA targeted for low and moderate income households. In light of an occupancy rate calculated at 94 percent for the overall market (despite a combined 97 percent occupancy rate for those developments constructed since 2000), it is recommended that only one of these developments be pursued at the current time.

Table 7.1: Rental Housing Survey

Project	Year	Total Units	Eff	1BR	2BR	3BR	4BR	Heat Included	Source	Electric Included	Overall % Occupancy
ARBORDALE APTS	1977	78	0	26	26	26	0	No	GAS	No	95%
BROOKSIDE VILLAGE TH'S	1985	155	0	0	155	0	0	No	ELE	No	90%
BYRON HEIGHTS APTS	2001	80	0	20	60	0	0	Yes	ELE	Yes	98%
CEDAR HILL APTS	1983	80	0	40	38	2	0	No	ELE	No	98%
CHALET VALLEY APTS	1973	140	0	37	68	35	0	No	ELE	No	80%
CLIFFS APARTMENTS	1979	120	0	20	85	10	5	No	ELE	No	97%
DAWNVILLE MEADOWS APTS	2001	120	0	0	80	40	0	No	ELE	No	97%
EMERALDS APTS	1962	40	0	4	28	8	0	No	GAS	No	100%
FIFTH AVENUE APTS	1973	286	0	0	0	0	0	No	GAS	No	98%
GEORGIAN APTS	1966	112	0	0	0	0	0	No	GAS	No	94%
HUNTINGTON PLACE	1986	152	0	64	64	24	0	No	ELE	No	88%
KIRKLAND PROPERTIES	1998	74	0	12	62	0	0	Yes	ELE	Yes	96%
LEGACY OF DALTON	1977	158	0	24	81	53	0	No	ELE	No	93%
MOUNTAIN WOODS APTS	1974	100	0	24	40	36	0	No	ELE	No	100%
MURRAY AVENUE APTS	2000	40	0	0	40	0	0	Yes	ELE	Yes	93%
PARK CANYONS APTS	1988	171	0	121	50	0	0	No	ELE	No	94%
RAINTREE ESTATES	1982	23	0	3	18	2	0	No	ELE	No	100%
TIMBER RIDGE APT	1976	101	0	28	48	24	0	No	GAS	No	93%
TIMBER VALLEY APTS	1975	140	0	32	60	48	0	No	ELE	No	93%
TRAMMELL STREET APTS	1988	17	0	0	0	0	0	No	ELE	No	100%
WESTWOOD APARTMENTS	1983	60	0	60	0	0	0	Yes	ELE	Yes	93%

A Rental Housing Market Study for Dalton, Georgia

Project	Year	Total Units	Eff	1BR	2BR	3BR	4BR	Heat Included	Source	Electric Included	Overall % Occupancy
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WOOD VALLEY APTS	1973	120	0	24	80	16	0	No	ELE	No	91%
WOODLAND APTS	1955	32	0	0	32	0	0	No	ELE	No	91%
WOODSDALE APTS	1985	42	11	30	1	0	0	No	ELE	No	98%

Totals & Averages	1981	2,441	11	619	1,066	324	5				93.9%
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Subject Project

VIVIAN POINTE - PROPOSAL	2004	86	0	0	31	55	0	No	ELE	No	
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Table 7.2: Rent Range for 1 & 2 Bedrooms

Project	Subsidized	1 BR Rent	1 BR SQ. FT	1 BR Rent/SQ. FT	2 BR Rent	2 BR SQ. FT	2 BR Rent/SQ. FT
BROOKSIDE VILLAGE THIS	No				\$585	1150	\$0.51
BYRON HEIGHTS APTS	No	\$615			\$695		
CEDAR HILL APTS	No	\$415	750	\$0.55	\$460	900	\$0.51
CHALET VALLEY APTS	No	\$405	800	\$0.51	\$555	1200	\$0.46
CLIFFS APARTMENTS	Yes						
DAWNVILLE MEADOWS APTS	No				\$420	947	\$0.44
EMERALDS APTS	No	\$440	700	\$0.63	\$515	1100	\$0.47
FIFTH AVENUE APTS	No	\$330			\$400		
GEORGIAN APTS	No	\$420			\$455	900	\$0.51
HUNTINGTON PLACE APARTMENTS	No	\$425	740	\$0.57	\$500	1040	\$0.48
KIRKLAND PROPERTIES	No	\$560			\$680		
LEGACY OF DALTON	No	\$565	800	\$0.71	\$675	1100	\$0.61
MOUNTAIN WOODS APTS	Yes	\$399	790	\$0.51	\$432	1000	\$0.43
MURRAY AVENUE APTS	No				\$720		
PARK CANYONS APTS	No	\$475	453	\$1.05	\$540	960	\$0.56
RAINTREE ESTATES	No	\$450	600	\$0.75	\$525	1200	\$0.44
TIMBER RIDGE APT	No	\$450	800	\$0.56	\$500	1000	\$0.50
TIMBER VALLEY APTS	No	\$450	600	\$0.75	\$550	1200	\$0.46
TRAMMELL STREET APTS	No	\$365			\$385		
WESTWOOD APARTMENTS	No	\$460					

A Rental Housing Market Study for Dalton, Georgia

Project	Subsidized	1 BR Rent	1 BR SQ. FT	1 BR Rent/SQ. FT	2 BR Rent	2 BR SQ. FT	2 BR Rent/SQ. FT
WOOD VALLEY APTS	No	\$455	750	\$0.61	\$505	950	\$0.53
WOODLAND APTS	No				\$440	1100	\$0.40
WOODSDALE APTS	No	\$449	600	\$0.75	\$500	600	\$0.83
Totals & Averages		\$453	708	\$0.64	\$533	1,022	\$0.52

Subject Project
VIVIAN POINTE - PROPOSAL No

Table 7.3: Rent Range for 3 & 4 Bedrooms

Project	Program	3 BR Rent	3 BR SQ. FT	3 BR Rent/SQ. FT	4 BR	4 BR SQ. FT	4 BR Rent/SQ. FT
ARBORDALE APTS		\$535	1000	\$0.54			
BROOKSIDE VILLAGE TH'S							
BYRON HEIGHTS APTS							
CEDAR HILL APTS		\$550	1000	\$0.55			
CHALET VALLEY APTS		\$655	1470	\$0.45			
CLIFFS APARTMENTS	SEC 8						
DAWNVILLE MEADOWS APTS	LIHTC	\$475	1250	\$0.38	\$0.56		
EMERALDS APTS		\$600	1200	\$0.50			
FIFTH AVENUE APTS		\$500					
GEORGIAN APTS		\$560	980	\$0.57			
HUNTINGTON PLACE APARTMENTS		\$600	1311	\$0.46			
KIRKLAND PROPERTIES							
LEGACY OF DALTON		\$785	1300	\$0.60			
MOUNTAIN WOODS APTS							
MURRAY AVENUE APTS	HUD 236	\$458	1215	\$0.38	\$0.42		
PARK CANYONS APTS							
RAINTREE ESTATES		\$700	1400	\$0.50			
TIMBER RIDGE APT		\$625	1350	\$0.46			
TIMBER VALLEY APTS		\$650	1380	\$0.47			
TRAMMELL STREET APTS							
WESTWOOD APARTMENTS							

A Rental Housing Market Study for Dalton, Georgia

Project	Program	3 BR Rent	3 BR SQ. FT	3 BR Rent/SQ. FT	4 BR	4 BR SQ. FT	4 BR Rent/SQ. FT
WOOD VALLEY APTS		\$550	1120	\$0.49			
WOODLAND APTS							
WOODSDALE APTS							
Totals & Averages							
		\$591	1,229	\$0.48			
Subject Project							
VIVIAN POINTE - PROPOSAL	LIHTC/MKT	\$262	\$715	1190	1190	1310	1310
				\$0.22	\$0.60	\$0.21	\$0.89

Table 7.4: Project Amenities

	Central Air	Club House	Coin Op Laundry	Dish Washer	Exercise Room	Garbage Disposal	Laundry Hookup	Mini Blinds	Patio/ Balcony	Play ground	Pool	Storage	Walk-in Closet	Wall Unit Air
ARBORDALE APTS	Yes	No	No	Yes	No	Yes	Yes	Yes	Yes	No	No	No	No	No
BROOKSIDE VILLAGE THIS	Yes	Yes	No	Yes	No	No	Yes	Yes	Yes	Yes	Yes	No	Yes	No
BYRON HEIGHTS APTS	Yes	No	No	Yes	No	Yes	No	Yes	Yes	No	No	No	Yes	No
CEDAR HILL APTS	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	No	Yes	No
CHALET VALLEY APTS	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No
CLIFFS APARTMENTS	Yes	No	Yes	No	No	No	Yes	Yes	No	Yes	No	No	Yes	No
DAWNVILLE MEADOWS APTS	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No
EMERALDS APTS	Yes	No	Yes	Yes	No	Yes	No	No	Yes	No	Yes	Yes	No	No
FIFTH AVENUE APTS	Yes	No	No	No	No	No	No	No	Yes	Yes	No	No	No	No
GEORGIAN APTS	Yes	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	No	No	No
HUNTINGTON PLACE	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	No	Yes	No
KIRKLAND PROPERTIES	Yes	No	Yes	No	No	No	Yes	Yes	Yes	No	No	No	No	No
LEGACY OF DALTON	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
MOUNTAIN WOODS APTS	Yes	No	Yes	No	No	No	No	No	No	Yes	No	No	No	No
MURRAY AVENUE APTS	Yes	No	Yes	No	No	No	No	No	No	No	No	No	Yes	No
PARK CANYONS APTS	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No
RAINTREE ESTATES	Yes	No	No	Yes	No	No	Yes	Yes	No	No	No	No	No	No
TIMBER RIDGE APT	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes	Yes	Yes	No	Yes	No
TIMBER VALLEY APTS	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No
TRAMMELL STREET APTS	No	No	No	No	No	No	Yes	Yes	Yes	No	No	No	No	No
WESTWOOD APARTMENTS	Yes	No	Yes	No	No	No	No	Yes	No	No	No	No	Yes	No

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	Central Air	Club House	Coin Op Laundry	Dish Washer	Exercise Room	Garbage Disposal	Laundry Hookup	Mini Blinds	Patio/ Balcony	Play ground	Pool	Storage	Walk-in Closet	Wall Unit Air
WOOD VALLEY APTS	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes	No
WOODLAND APTS	Yes	No	No	Yes	No	No	Yes	Yes	No	No	No	No	Yes	No
WOODSDALE APTS	Yes	No	Yes	No	No	Yes	Yes	Yes	Yes	No	No	No	No	No
Totals & Averages	96%	29%	71%	67%	17%	54%	71%	88%	67%	46%	50%	13%	58%	0%

Subject Project
VIVIAN POINTE - PROPOSAL

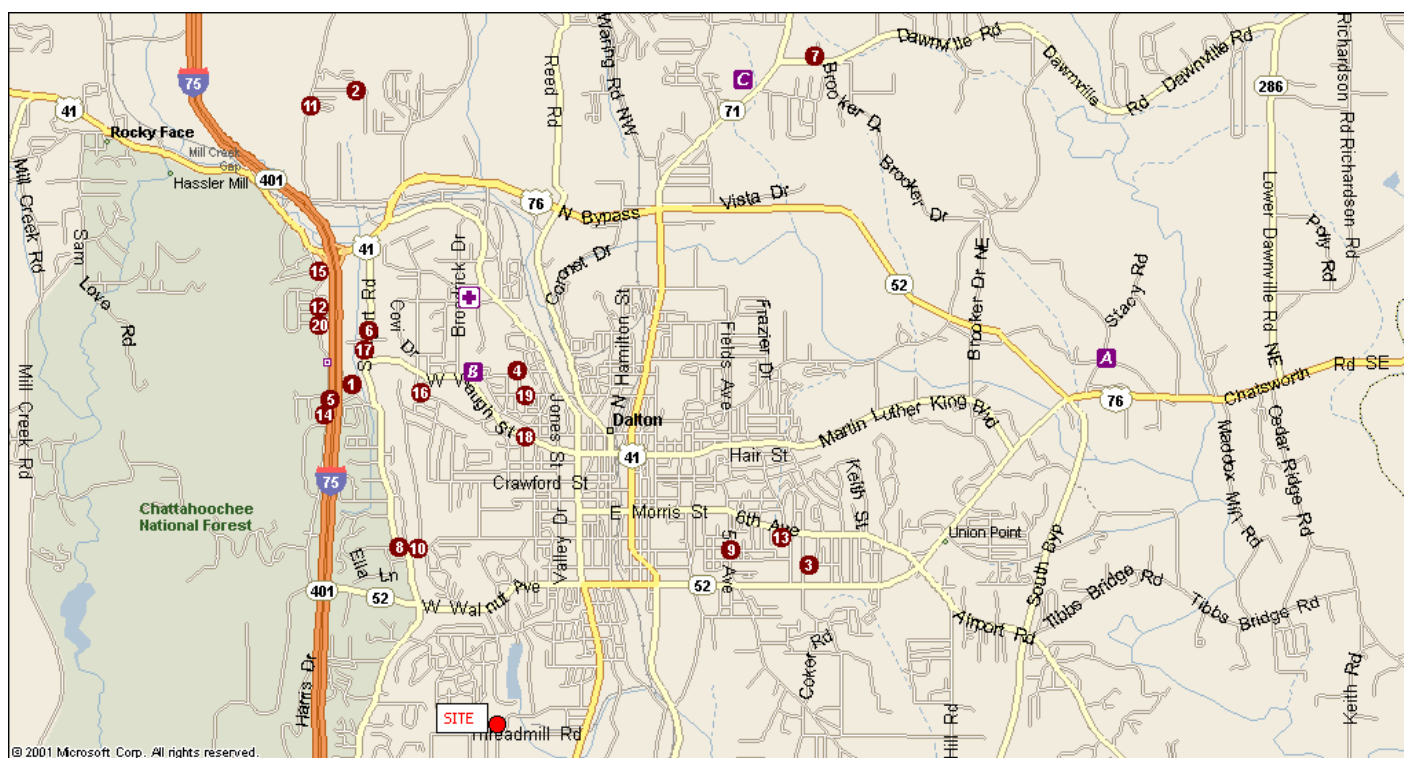
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
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Comparable/nearby Rental Projects – Dalton PMA

Following are individual descriptions of three rental developments within the Dalton area most comparable by income targeting, age of project, or proximity to the subject property. Information on these developments provides a more realistic indication of the market conditions facing the development of the proposed Vivian Pointe.

Map: Rental Developments

City of Dalton



- | | | |
|-------------------------|---------------------------|--------------------------|
| 1. Arbordale Apts | 2. Brookside Village TH's | 3. Byron Heights Apts |
| 4. Cedar Hills Apts | 5. Wood Valley Apts | 6. The Cliffs Apts - HUD |
| 7. Dawnville Meadows | 8. Emeralds Apts | 9. Fifth Avenue Apts |
| 10. Georgian Apts | 11. Huntington Place | 12. Legacy of Dalton |
| 13. Murray Avenue Apts | 14. Park Canyon Apts | 15. Raintree Estates |
| 16. Timber Ridge | 17. Timber Valley | 18. Trammell Street Apts |
| 19. Westwood Apts | 20. Woodsdale Apts | A. Woodland Apts |
| B. Mountain Woods – HUD | C. Other LIHTC Proposal | |



Project Name: **DAWNVILLE MEADOW APTS** Year Built: 2001
 Address: 161 Dawnville Road City: Dalton State: GA
 Phone: (706) 278-5855 Zip: 30721

<i>Unit Type</i>	<i># of Units</i>	<i># Vacant</i>	<i>Square Feet</i>	<i>Rental Rate*</i>	<i>Occupancy %</i>
1BR	0	--	---	---	---
2BR	80	2	947	\$420/\$515/\$605	98%
3BR	40	2	1,250	\$475/\$585/\$695	95%
Total	120	4			97%

<i>Appliances</i>		<i>Project</i>		<i>Unit</i>	<i>Other Information</i>	
Refrigerator/Stove	X	Coin Op Laundry	X	Draperies	Heat Included	No
Garbage Disposal	X	Clubhouse	X	Mini-blinds	Electricity Included	No
Dishwasher	X	Swimming Pool	X	Walk-in Closet	Heat Type	ELE
Microwave		Playground	X	Fireplace		
Laundry Hook-up	X	Tennis Court		Patio/Balcony	# of Floors	2
In-Unit Laundry		Basketball Court		Central Air		
		Carport		Wall AC Unit	Percent Senior	NA
		Garage		Storage	Subsidized	LIHTC
		Elevator		Individual Entry	Specials	NO

*NOTE: Rental rates are 50% AMI/60% AMI/Market Rate



Project Name: **BYRON HEIGHTS APTS**

Year Built: 2001

Address: 1515 Byron Street

City: Dalton

State: GA

Phone: (706) 278-3776

Zip: 30721

<i>Unit Type</i>	<i># of Units</i>	<i># Vacant</i>	<i>Square Feet</i>	<i>Rental Rate</i>	<i>Occupancy %</i>
1BR	20	1	NA	\$615	95%
2BR	60	1	NA	\$510	98%
3BR	0	--	---	---	---
Total	80	2			98%

<i>Appliances</i>		<i>Project</i>	<i>Unit</i>		<i>Other Information</i>
Refrigerator/Stove	X	Coin Op Laundry	Draperies		Heat Included No
Garbage Disposal	X	Clubhouse	Mini-blinds	X	Electricity Included No
Dishwasher	X	Swimming Pool	Walk-in Closet	X	Heat Type ELE
Microwave		Playground	Fireplace		
Laundry Hook-up		Tennis Court	Patio/Balcony	X	# of Floors 2
In-Unit Laundry	X	Basketball Court	Central Air	X	
		Carport	Wall AC Unit		Percent Senior NA
		Garage	Storage		Subsidized None
		Elevator	Individual Entry		Specials NO



Project Name: **THE LEGACY OF DALTON**

Year Built: 1977

Address: 2111 Club Drive

City: Dalton

State: GA

Phone: (706) 226-3012

Zip: 30720

<i>Unit Type</i>	<i># of Units</i>	<i># Vacant</i>	<i>Square Feet</i>	<i>Rental Rate</i>	<i>Occupancy %</i>
1BR	24	NA	800	\$565	NA
2BR	81	NA	1,100	\$675	NA
3BR	53	NA	1,300	\$785	NA
Total	158	11			93%

<i>Appliances</i>		<i>Project</i>		<i>Unit</i>		<i>Other Information</i>	
Refrigerator/Stove	X	Coin Op Laundry	X	Draperies		Heat Included	No
Garbage Disposal	X	Clubhouse	X	Mini-blinds	X	Electricity Included	No
Dishwasher	X	Swimming Pool	X	Walk-in Closet	X	Heat Type	ELE
Microwave		Playground	X	Fireplace			
Laundry Hook-up	X	Tennis Court	X	Patio/Balcony	X	# of Floors	2
In-Unit Laundry		Basketball Court		Central Air	X		
		Carport		Wall AC Unit		Percent Senior	NA
		Garage		Storage	X	Subsidized	None
		Elevator		Individual Entry		Specials	NO



Project Name: **WOODVALLEY APTS**

Year Built: 1973/2001

Address: 411 College Drive

City: Dalton

State: GA

Phone: (706) 226-1966

Zip: 30720

<i>Unit Type</i>	<i># of Units</i>	<i># Vacant</i>	<i>Square Feet</i>	<i>Rental Rate</i>	<i>Occupancy %</i>
1BR	24	NA	750	\$455	NA
2BR	80	NA	950	\$505	NA
3BR	16	NA	1,120	\$550	NA
Total	120	11			91%

<i>Appliances</i>		<i>Project</i>		<i>Unit</i>		<i>Other Information</i>	
Refrigerator/Stove	X	Coin Op Laundry	X	Draperies		Heat Included	No
Garbage Disposal	X	Clubhouse		Mini-blinds	X	Electricity Included	No
Dishwasher	X	Swimming Pool	X	Walk-in Closet	X	Heat Type	ELE
Microwave		Playground	X	Fireplace			
Laundry Hook-up	X	Tennis Court		Patio/Balcony		# of Floors	2
In-Unit Laundry		Basketball Court	X	Central Air	X		
		Carport		Wall AC Unit		Percent Senior	NA
		Garage		Storage		Subsidized	None
		Elevator		Individual Entry		Specials	NO

**NO
PICTURE
AVAILABLE**

Project Name: **TIMBER VALLEY APTS**

Year Built: 1975

Address: 1912 Heathcliff Drive

City: Dalton

State: GA

Phone: (706) 226-2233

Zip: 30720

<i>Unit Type</i>	<i># of Units</i>	<i># Vacant</i>	<i>Square Feet</i>	<i>Rental Rate</i>	<i>Occupancy %</i>
1BR	32	NA	600	\$450	NA
2BR	60	NA	1,200	\$550	NA
3BR	48	NA	1,380-1,530	\$650	NA
Total	140	10			93%

<i>Appliances</i>		<i>Project</i>		<i>Unit</i>		<i>Other Information</i>	
Refrigerator/Stove	X	Coin Op Laundry	X	Draperies		Heat Included	No
Garbage Disposal	X	Clubhouse	X	Mini-blinds	X	Electricity Included	No
Dishwasher	X	Swimming Pool	X	Walk-in Closet	X	Heat Type	ELE
Microwave		Playground	X	Fireplace			
Laundry Hook-up	X	Tennis Court		Patio/Balcony	X	# of Floors	2
In-Unit Laundry		Basketball Court		Central Air	X		
		Carport		Wall AC Unit		Percent Senior	NA
		Garage		Storage		Subsidized	None
		Elevator		Individual Entry		Specials	1 Month Free

Section 8: INTERVIEWS

Throughout the course of performing this analysis of the Dalton rental market, many individuals were contacted. Based on discussions with city planning officials, and information supplied by the DCA, just one comparable multi-family rental development (other than the subject) is proposed or under construction at the current time – a 130-unit LIHTC proposal is situated on the north side of Dalton consisting of one-, two-, and three-bedroom units. It was also noted that the city has not looked favorably at new apartment construction over the past year or so due to vacancy concerns in several properties. However, the city agreed that much of these concerns can be attributed to the fact that many are rented on a weekly basis (and the transient nature of the targeted tenancy will result in an elevated vacancy rate), and therefore have reversed their opinion to support (albeit cautiously) additional multi-family activity if it is properly positioned - ideally toward low and moderate income households.

In addition, resident managers at local rental projects provided mixed opinions on the current state of the local rental market. Although most facilities, when asked, indicated that the market as a whole seems saturated, several further elaborated that most of the concern is within “weekly rentals” and that there is a need for affordable rental housing for low and moderate income households. Additional informal information was collected during these informal interviews with leasing agents and resident managers within the Dalton rental market as part of Community Research Group’s survey of existing rental housing to collect more specific data. The results of these are compiled and presented within a previous section of the market study.

Section 9: CONCLUSIONS AND RECOMMENDATIONS

Based on the information collected within this study, sufficient evidence has been introduced for the successful development and absorption of a single-family LIHTC/market rate rental facility within the Dalton PMA. Ongoing positive economic trends and demographic patterns, the lack of single-family rentals, and a strong statistical demand all support the development of the subject proposal as a combination tax credit/market rate rental facility targeted for larger households with low and moderate incomes. Assuming the subject proposal is developed as described within this analysis, Community Research Group can provide a positive recommendation for the facility with no reservations or conditions. As such, CRG forwards a **FULL PASS** conclusion.

Section 10: SIGNED STATEMENT REQUIREMENTS

I affirm that I, or an individual employed by my company, have made a physical inspection of the market area and that information has been used in the full study of the need and demand for new rental units. To the best of my knowledge, the market can support the demand shown in the study. I understand that any misrepresentation of this statement may result in the denial of further participation in DCA's rental housing programs. I also affirm that I have no interest in the project or relationship with the ownership entity and my compensation is not contingent upon this project being funded.



Steven R. Shaw
COMMUNITY RESEARCH GROUP, LLC

Date: June 20, 2002

Section 11: BIBLIOGRAPHY

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Interviews with managers and leasing specialists, local rental developments

Interviews with city and county planning officials

Section 12: RESUME

STEVEN R. SHAW COMMUNITY RESEARCH GROUP, LLC

Mr. Shaw is the co-founder of Community Research Group, LLC. With over eleven years of experience in market research, he has assisted a broad range of clients, including developers, government agencies, non-profit organizations, and financial institutions, with the development of numerous types of housing alternatives throughout the United States. Areas of expertise include market study preparation, pre-feasibility analysis, strategic targeting and market identification, customized survey and focus group research, and demographic and economic analysis. Previous to Community Research, he most recently served as a market consultant for Community Targeting Associates (1997-1999) providing the same types of services.

Mr. Shaw also served as the manager of automotive analysis for J.D. Power and Associates (1992-1997), a global automotive market research firm based in Troy, Michigan. While serving in this capacity, Mr. Shaw was responsible for identifying market trends and analyzing the automotive sector through proprietary and syndicated analytic reports. During his five-year tenure at J.D. Power, Mr. Shaw developed a strong background in quantitative and qualitative research measurement techniques through the use of mail and phone surveys, focus group interviews, and demographic and psychographic analysis.

Previous to J.D. Power, Mr. Shaw was employed as Senior Market Research Analyst with Target Market Systems (the market research branch of First Centrum Corporation) in East Lansing, Michigan. At TMS, his activities consisted largely of market study preparation for projects financed through RHS and MSHDA programs. Other key duties included the strategic targeting and identification of new areas for multi-family and single-family housing development throughout the Midwest.

A 1991 graduate of Michigan State University, Steve graduated with a Bachelor of Arts degree in Marketing with an emphasis in Market Research, while also earning an additional major in Psychology. Mr. Shaw is a member of the Michigan Housing Council, and also a charter member of the National Council of Affordable Housing Market Analysts.